

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 17, 2007

Project Number CA-2007-889

Project Name Parkview Apartments
Address: 6682 & 6688 Picasso Road
 Goleta, CA 93117 County: Santa Barbara

Applicant Information

Applicant: Housing Authority of the County of Santa Barbara
Contact Bob Havlicek
Address: 815 West Ocean Avenue
 Lompoc, CA 93436-6526
Phone: (805) 736-3423 **Fax:** (805) 735-7672
Sponsors Type: Nonprofit

Bond Information

Issuer: Housing Authority of the County Santa Barbara
Expected Date of Issuance: 10/2007
Credit Enhancement: No

Eligible Basis

Actual: \$5,933,323
Requested: \$5,933,323
Maximum Permitted: \$6,446,651

Extra Feature Adjustments:
 55-Year Use/Rent Restriction Adjustment: 100%

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$237,305	\$0
Recommended:	\$237,305	\$0

Project Information

Construction Type: Acquisition and Rehabilitation
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 20
Total # Residential Buildings: 2

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 19 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 2
Number of Units @ or below 60% of area median income: 17

<u>Unit Type & Number</u>	<u>2007 Rents</u> <u>% of Area Median Income</u>	<u>Proposed Rents</u> (including utilities)
1 One-Bedroom	50%	\$629
6 One-Bedroom	60%	\$755
1 Two-Bedroom	60%	\$755
11 Two-Bedroom	50%	\$906
1 One-Bedroom	Manager's unit	\$0

The general partner or principal owner is the Housing Authority of the County of Santa Barbara.

The project developer is the Housing Authority of the County of Santa Barbara.

The management services will be provided by the Housing Authority of the County of Santa Barbara.

The market analysis was provided by Novogradac & Company LLP.

The Local Reviewing Agency, the Housing Authority of the County of Santa Barbara, has completed a site review of this project and strongly supports this project.

Project Financing

Estimated Total Project Cost: \$6,767,930 Per Unit Cost: \$338,397 Construction Cost Per Sq. Foot: \$88

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Santa Barbara Bank & Trust	\$3,600,000	Santa Barbara Bank & Trust	\$1,100,000
Redevelopment Agency – County of Santa Barbara	\$2,394,018	Redevelopment Agency – County of Santa Barbara	\$2,991,215
Deferred Developer Fee	\$773,912	Deferred Developer Fee	\$386,956
		Investor Equity	\$2,289,759
		TOTAL	\$6,767,930

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	\$2,194,865
Requested Acquisition Eligible Basis:	\$3,378,458
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	\$2,853,325
Qualified Acquisition Basis:	\$3,738,458
Applicable Rate:	3.60%
Maximum Annual Federal Rehabilitation Credit:	\$102,720
Maximum Annual Federal Acquisition Credit:	\$134,585
Total Maximum Annual Federal Credit:	\$237,305
Approved Developer Fee:	\$773,912
Tax Credit Factor:	\$.96490

Applicant requests and staff recommends annual federal credits of \$237,305 based on a qualified basis of \$6,591,783 and a funding shortfall of \$2,289,759.

Cost Analysis and Line Item Review

The requested eligible basis \$5,933,323 is below TCAC’s adjusted threshold basis limit \$6,446,651. The basis limit includes the adjustment for extraordinary features for the 120% adjustment for the 55-year use/affordability restriction for projects that have more than 50% tax-credit units. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitation.

Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one.

Staff has calculated federal tax credits based on 3.60% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

Special Issues/Other Significant Information: The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

Recommendation: Staff recommends that the Committee make a reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal/Annual	State/Total
\$237,305	\$0

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

TCAC makes the reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project will be permitted without the express approval of TCAC.

The applicant must pay TCAC an allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credits when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

Project Analyst: Dave Heng