

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
Farmworker Housing Assistance Program Project
January 23, 2008

Project Number CA-2007-906; FWHAP CA-2007-001

Project Name Bakersfield Family Apartments
 Address: 1629 Lotus Lane
 Bakersfield, CA 93307 County: Kern

Applicant Information

Applicant: Bakersfield Pacific Associates, a California Limited Partnership
 Contact: Christina Alley
 Address: 3351 "M" Street
 Merced, CA 95348
 Phone: (209) 388-0782 Fax: (209) 385-3770
 Sponsors Type: Limited Partnership

Bond Information

Issuer: California Statewide Communities Development Authority
 Expected Date of Issuance: March 5, 2008
 Credit Enhancement: None

Eligible Basis

	LIHTC	FWHAP
Actual:	\$16,024,008	\$16,063,008
Requested:	\$16,024,008	\$16,063,008
Maximum Permitted:	\$32,123,598	\$16,063,008

Extra Feature Adjustments:
 55-Year Use/Rent Restriction Adjustment: 120%
 Local Development Impact Fees:

Tax Credit Amounts

Federal/Annual

State/Total

Requested:	\$749,924	\$2,000,000
Recommended:	\$749,924	\$2,000,000

Project Information

Construction Type: New Construction
 Federal Subsidy: Tax-Exempt/UDSA 514
 HCD MHP Funding: Yes
 Total # of Units: 80
 Total # Residential Buildings: 10

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
 % & No. of Targeted Units: 100% – 80 units
 55-Year Use/Affordability Restriction: Yes
 Number of Units @ or below 50% of area median income: 39
 Number of Units @ or below 60% of area median income: 40

<u>Unit Type & Number</u>	<u>2007 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 One-Bedroom	45%	\$434
4 One-Bedroom	60%	\$579
16 Two-Bedroom	45%	\$522
16 Two-Bedroom	60%	\$696
15 Three-Bedroom	45%	\$602
16 Three-Bedroom	60%	\$803
4 Four-Bedroom	45%	\$671
4 Four-Bedroom	60%	\$895
1 Three-Bedroom	Manager's unit	\$0

The general partner(s) or principal owner(s) are Central Valley Coalition for Affordable Housing.

The project developer is Central Valley Coalition for Affordable Housing.

The management services will be provided by Infinity Management.

The market analysis was provided by Property Dynamics.

The Local Reviewing Agency, the City of Bakersfield Economic & Community development Department, has completed a site review of this project and supports this project.

Project Financing

Estimated Total Project Cost: \$17,374,106 Per Unit Cost: \$217,176 Construction Cost Per Sq. Foot: \$137

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank	\$11,000,000	Citibank	\$500,000
Central Valley—Deferred Costs	\$199,200	USDA 514	\$3,000,000
Central Valley—Deferred Dev. Fee	\$1,036,610	MHP	\$4,647,950
Investor Equity	\$5,138,296	Central Valley—Deferred Dev. Fee	\$802,720
		Investor Equity	\$8,423,436
		TOTAL	\$17,374,106

Determination of Credit Amount(s)	LIHTC	FWHAP
Requested Eligible Basis:	\$16,024,008	\$16,063,008
130% High Cost Adjustment:	Yes	No
Applicable Fraction:	100%	50%
Qualified Basis:	\$20,831,210	\$4,207,529
Applicable Rate/ Applicable Fraction:	3.60%	50%
Total Maximum Annual Federal Credit:	\$749,924	
Total Maximum FWHAP State Credit:		\$2,000,000
Approved Developer Fee:	\$1,048,300	
Tax Credit Factor:	\$.95	\$.65

Applicant requested and staff recommends annual federal credits of \$749,924 and \$2,000,000 FWHAP State Credits, based on a LIHTC qualified basis of \$20,831,210 and a FWHAP qualified basis of \$4,207,529 and a funding shortfall of \$8,423,436.

Cost Analysis and Line Item Review

The requested eligible basis of \$16,024,008 is below the TCAC's adjusted threshold basis limit of **\$32,123,598**. 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 and local development impact fees. Staff analysis of project costs to determine reasonableness found most 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.

Special Note

This project is a re-application of the 9% credit 07-065 which was not successful. The project has been converted to a 4% tax-exempt project combined with Farmworker Housing Assistance Program state tax credits.

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	FWHAP Total
\$749,924	\$2,000,000

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.

Additional Conditions: None

Project Analyst: g boyd