

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**January 23, 2008**

**Project Number** CA-2007-923 (formerly CA-2004-861)

**Project Name** Aspen Village at Mammoth Creek (FKA Mammoth Lakes Family Apartments)  
**Address:** 1700 Old Mammoth Road  
Mammoth Lakes, CA 93546 County: Mono

**Applicant Information**

**Applicant:** Mammoth Lakes Family Associates  
**Contact** Caleb Roope  
**Address:** 430 e. State Street, Suite 100  
Eagle, ID 83616  
**Phone:** (208) 461-0022 Ext. 3015 Fax: (208) 461-3267  
**Sponsors Type:** Joint Venture

**Bond Information**

**Issuer:** Town of Mammoth Lakes  
**Expected Date of Issuance:** July 30, 2004  
**Credit Enhancement:** None

**Eligible Basis**

**Actual:** \$14,675,516  
**Requested:** \$14,675,516  
**Maximum Permitted:** \$17,210,688

**Extra Feature Adjustments:**  
55-Year Use/Rent Restriction Adjustment: 60%

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$663,920	\$0
Recommended:	\$663,920	\$0

**Project Information**

**Construction Type:** New Construction  
**Federal Subsidy:** Tax-Exempt  
**HCD MHP Funding:** No  
**Total # of Units:** 48  
**Total # Residential Buildings:** 6

**Income/Rent Targeting**

**Federal Setaside Elected:** 40%/60%  
**% & No. of Targeted Units:** 100% - 47 units  
**55-Year Use/Affordability Restriction:** Yes  
**Number of Units @ or below 50% of area median income:** 5  
**Number of Units @ or below 60% of area median income:** 42

<u>Unit Type &amp; Number</u>	<u>2007 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 Two-Bedroom Units	50%	\$698
21 Two-Bedroom Units	60%	\$838
3 Three-Bedroom Units	50%	\$807
21 Three-Bedroom Units	60%	\$969
1 Two-Bedroom Unit	Manager's Unit	\$707

The project developer is Pacific West Communities.

The management services will be provided by Buckingham Property Management.

The market analysis was provided by M.E. Shay & Co.

The Local Reviewing Agency, the Town of Mammoth Lakes, has reviewed this project and strongly supports the project.

**Project Financing**

Actual Total Project Cost: \$15,071,480 Per Unit Cost: \$287,483 Construction Cost Per Sq. Ft.: \$203

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
MMA Financial, LLC	\$7,500,000	MMA Financial, LLC	\$2,600,000
Town of Mammoth Lakes	\$3,412,500	Town of Mammoth Lakes	\$3,412,500
Deferred Developer Fees	\$1,272,316	Deferred Developer Fees	\$1,218,237
MMA Financial, LLC	\$400,000	Town of Mammoth Lakes	\$2,000,000
Deferred Developer Fee	\$486,664	Investor Equity	\$5,840,743
Town of Mammoth Lakes	\$2,000,000	<b>TOTAL</b>	<b>\$15,071,480</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$14,675,516
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$19,078,171
Applicable Rate: Fixed December 2006	3.48%
Total Maximum Annual Federal Credit:	\$663,920
Approved Developer Fee:	\$1,272,316
Tax Credit Factor:	\$.87970

Applicant requests and staff recommends annual federal credits of \$663,920 based on a qualified basis of \$19,078,171 and a funding shortfall of \$5,840,743.

**Cost Analysis and Line Item Review**

The requested eligible basis \$14,675,516 is below TCAC's adjusted threshold basis limit \$17,210,688. The basis limit includes the 100% adjustment for the 55-year use/affordability restriction for projects that have 50% or less tax-credit units and are not located in a DDA/QCT. 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 3.48% 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:

<b>\$663,920</b> Federal/Annual	<b>\$0</b> State/Total
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**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.

Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2)(P) at project completion.

**Additional Conditions:** Project was awarded credits in 2004 (CA-2004-861). At Placed in Service, the applicant requested more than 50% in additional credit so a new application is required per Regulations, Section 10322(j).

Project Analyst: Stephenie Alstrom