

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
July 16, 2008

Project Number CA-2008-853

Project Name Mission Village Senior Apartments

Site Address: 8989 Mission Blvd.
Riverside, CA 92509
Census Tract: 405.01

County: Riverside

Applicant Information

Applicant: Mission Village Senior Apartments, L.P.
Contact: Richard J. Whittingham
Address: 9065 Haven Avenue, Suite 100
Rancho Cucamonga, CA 91730
Phone: (909) 483-2444
Sponsors Type: Joint Venture

Fax: (909) 483-2448

Information

Housing Type: Senior

Bond Information

Issuer: Housing Authority of the County of Riverside
Date of Issuance: August 2008
Credit Enhancement: N/A

Eligible Basis

Actual: \$18,611,559
Requested: \$18,611,559
Maximum Permitted: \$31,781,090

Extra Feature Adjustments:

Required to Pay Prevailing Wages: 20%

Local Development Impact Fees:

95% of Upper Floor Units are Elevator-Serviced: 10%

55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted Between 50% AMI & 36% AMI: 59%

Tax Credit Amounts

Federal/Annual

State/Total

Requested: \$649,478 \$0
Recommended: \$649,478 \$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 102
Total # Residential Buildings: 1

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 101 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 60
Number of Units @ or below 60% of area median income: 41

<u>Unit Type & Number</u>	<u>2008 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
54 One-Bedroom	50%	\$624
36 One-Bedroom	60%	\$749
6 Two-Bedroom	50%	\$749
5 Two-Bedroom	60%	\$899
1 Two-Bedroom	Manager's Unit	\$0

The general partners or principal owners are Southern California Housing Development Corporation of the Inland Empire & Workforce Homebuilders LLC.

The project developer is National Community Renaissance of California.

The management services will be provided by National Community Renaissance of California.

The market analysis was provided by Novogradac & Company LLP.

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

Project Financing

Estimated Total Project Cost: \$19,129,001 Per Unit Cost: \$187,539 Construction Cost Per Sq. Foot: \$163

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
US Bank – Tax Exempt Bonds	\$11,200,000	US Bank – Tax Exempt Bonds	\$2,884,680
County of Riverside EDA	\$6,268,273	County of Riverside EDA	\$9,824,015
Investor Equity	\$584,531	AHP	\$375,000
		Deferred Developer Fee	\$200,000
		Investor Equity	\$5,845,306
		TOTAL	\$19,129,001

Determination of Credit Amount(s)

Requested Eligible Basis:	\$18,611,559
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Basis:	\$18,611,559
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	\$649,478
Approved Developer Fee:	\$1,400,000
Tax Credit Factor: <i>Hudson Housing Capital</i>	\$0.90000

Applicant requests and staff recommends annual federal credits of \$649,478, based on a qualified basis of \$18,611,559 and a funding shortfall of \$5,845,306.

Cost Analysis and Line Item Review

The requested eligible basis \$18,611,559 is below TCAC's adjusted threshold basis limit \$31,781,090. The basis limit includes the adjustment for extraordinary features for projects that are required to pay state or federal prevailing wages, local development impact fees, projects that include 95% of upper floor units are elevator-serviced, and 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted between 50% AMI & 36% AMI. 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: None

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
\$649,478	\$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.

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.

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: The applicant/owner is required to provide the tenants with educational classes and contract for services for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC.

Project Analyst: Anthony Zeto