CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 20, 2008

Project Number CA-2008-890

Project Name Golden Age Garden Apartments
Site Address: 740 S. 36th Street
San Diego, CA 92113 County: San Diego
Census Tract: 35.02

Applicant Information
Applicant: Golden Age Garden Housing Partners, LP
Contact Ruben Islas
Address: P.O. Box 880367
San Diego, CA 92168
Phone: 619-840-6305 Fax: 619-374-2094
Sponsors Type: Joint Venture

Bond Information
Issuer: California Housing Finance Agency
Expected Date of Issuance: September 2008
Credit Enhancement: N/A

Eligible Basis
Actual: $12,780,428
Requested: $12,780,428
Maximum Permitted: $21,693,562

Extra Feature Adjustments:
Required to Pay Prevailing Wages: 20%
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: 30%

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$484,185	$0
Recommended:	$484,185	$0

Project Information
Construction Type: Rehabilitation and Acquisition
Federal Subsidy: Tax-Exempt/HOME
HCD MHP Funding: No
Total # of Units: 76
Total # Residential Buildings: 1

Income/Rent Targeting
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 75 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 23
Number of Units @ or below 60% of area median income: 52

Unit Type & Number	2008 Rents % of Area Median Income	Proposed Rent (including utilities)
23 One-Bedroom	47%	$702
52 One-Bedroom	47%	$702
1 One-Bedroom	Manager's Unit	$675

The general partner(s) or principal owner(s) are Amerland/Golden Age, LLC and Pacific Housing, Inc.

The project developer is Islas Development, LLC.

The management services will be provided by Logan Property Management.

The market analysis was provided by Lea & Company.

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Project Financing
Estimated Total Project Cost: $13,865,017 Per Unit Cost: $182,434 Construction Cost Per Sq. Foot: $48

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
CalHFA – Tax Exempt Bonds	$7,655,000	CalHFA– Tax Exempt Bonds	$5,000,000
San Diego Housing Commission	$3,662,000	San Diego Housing Commission	$3,662,000
Existing reserves	$330,562	Deferred Developer Fee	$893,771
Deferred Developer Fee	$893,771	Investor Equity	$4,309,246
Investor Equity	$1,323,684	**TOTAL**	**$13,865,017**

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	$3,511,428
Requested Acquisition Eligible Basis:	$9,269,000
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	$4,564,856
Qualified Acquisition Basis:	$9,269,000
Applicable Rate:	3.50%
Maximum Annual Federal Rehabilitation Credit:	$159,770
Maximum Annual Federal Acquisition Credit:	$324,415
Total Maximum Annual Federal Credit:	$484,185
Approved Developer Fee:	$1,667,012
Tax Credit Factor: Red Capital Markets	$0.89

Applicant requests and staff recommends annual federal credits of $484,185, based on a qualified rehabilitation basis of $4,564,856, a qualified acquisition basis of $9,269,000, and a funding shortfall of $4,309,246.

Cost Analysis and Line Item Review
The requested eligible basis $12,780,428 is below TCAC's adjusted threshold basis limit $21,693,562. The basis limit includes the adjustment for extraordinary features for: projects that are required to pay state or federal prevailing wages, 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 3.50% 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
$484,185	**$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 contracted 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: Gina Ferguson