

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2008 Second Round Cycle**  
**October 8, 2008**

**Project Number** CA-2008-108

**Project Name** Autumn Terrace  
**Site Address:** 245 - 335 Autumn Drive  
San Marcos, CA 92069 County: San Diego  
**Census Tract:** 200.09

**Applicant Information**

**Applicant:** Autumn Terrace Development Partners, L.P.  
**Contact:** Ginger Hitzke  
**Address:** 43460 Ridge Park Drive, Suite 200-E  
Temecula, CA 92590  
**Phone:** 951-719-8402 Fax: 619-923-3544  
**Email:** ginger@community-collective.com  
**General Partners(s) Type:** Joint Venture

**Information**

**Set-Aside:** N/A  
**Housing Type:** Large Family  
**Geographic Area:** San Diego

**Eligible Basis**

**Requested:** \$16,069,223  
**Actual:** \$18,244,483  
**Maximum Permitted:** \$19,234,362

**Adjustments to Threshold Basis Limit:**

None

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,637,611	\$0
Recommended:	\$1,637,611	\$0

**Project Information**

**Construction Type:** New Construction  
**Federal Subsidy:** None  
**Total # of Units:** 103  
**Total # Residential Buildings:** 5

**Income/Rent Targeting**

**Federal Set-Aside Elected:** 40%/60%  
**% & No. of Tax Credit Units:** 100% - 100 units  
**Breakdown by %:** 10% @ 30%, 10% @ 40%, 50% @ 50%

<b>Selection Criteria</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b><i>Cost Efficiency/Credit Reduction/Public Funds</i> Maximum of 20 points</b>	<b>20</b>	<b>20</b>	<b>20</b>
<input checked="" type="checkbox"/> Credit Reduction	20	2	2
<input checked="" type="checkbox"/> Public Funds	18	18	18
<b><i>Owner / Management Characteristics</i> Maximum of 9 points</b>	<b>9</b>	<b>9</b>	<b>9</b>
<input checked="" type="checkbox"/> General Partner Experience	6	6	6
<input checked="" type="checkbox"/> Management Experience	3	3	3
<b><i>Housing Needs</i> Maximum of 10 points</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b><i>Site Amenities</i> Maximum of 15 points</b>	<b>15</b>	<b>15</b>	<b>15</b>
<input checked="" type="checkbox"/> Within 500 feet of a regular bus stop or rapid transit system stop	4	4	4
<input checked="" type="checkbox"/> Within ¼ mile of public park or community center open to general public	3	3	3
<input checked="" type="checkbox"/> Within ½ mile of public library	2	2	2
<input checked="" type="checkbox"/> Within ¼ mile of a full-scale grocery store with staples, fresh meat and fresh produce	4	4	4
<input checked="" type="checkbox"/> Large Family project within ¼ mile of public school that project children may attend	3	3	3
<b><i>Service Amenities</i> Maximum of 10 points</b>	<b>10</b>	<b>10</b>	<b>10</b>
<input checked="" type="checkbox"/> High speed internet service provided in each unit	5	5	5
<input checked="" type="checkbox"/> After school programs of an ongoing nature for school age children	5	5	5
<b><i>Neighborhood Revitalization</i> Maximum of 9 points</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b><i>Sustainable Building Methods</i> Maximum of 8 points</b>	<b>8</b>	<b>8</b>	<b>8</b>
<input checked="" type="checkbox"/> LEED for Homes/Green Communities/GreenPoint Rated Multifamily Guidelines	8	8	8
<b><i>Lowest Income</i> Maximum of 52 points</b>	<b>52</b>	<b>52</b>	<b>52</b>
<input checked="" type="checkbox"/> Basic Targeting	50	50	50
<input checked="" type="checkbox"/> Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b><i>Readiness to Proceed</i> Maximum of 20 points</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b><i>State credit substitution</i> Maximum of 2 points</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Points</b>	<b>155</b>	<b>155</b>	<b>155</b>

**Tie-Breaker Information**

Tie-Breaker Categories Apply to this Project: **Yes**

First: Housing Type **Large Family**

Second: Maximum Neighborhood Revitalization Points/Federal Designated Area **Yes**

Third: Calculated Ratio per Regulation 10325(c)(12) **67.016%**

**2008 Rents for 2<sup>nd</sup> Round 2008**

<b><u>Unit Type &amp; Number</u></b>	<b><u>% of Area Median Income</u></b>	<b><u>Proposed Rent</u></b> (including utilities)
3 One-Bedroom Units	30%	\$444
11 One-Bedroom Units	40%	\$592
15 One-Bedroom Units	50%	\$717
3 Two-Bedroom Units	30%	\$533
13 Two-Bedroom Units	50%	\$888
8 Two-Bedroom Units	60%	\$966
5 Three-Bedroom Units	30%	\$616
23 Three-Bedroom Units	50%	\$1,026
19 Three-Bedroom Units	60%	\$1,232
1 One-Bedroom Unit	Manager's Unit	\$0
1 Two-Bedroom Unit	Manager's Unit	\$0
1 Three-Bedroom Unit	Manager's Unit	\$0

The general partner(s) or principal owner(s) are Community Collective, LLC and Cascade Housing Association.

The project developer is Community Collective, LLC.

The management agent is Solari Enterprises, Inc.

The market analyst is Laurin Associates.

The Local Reviewing Agency, City of San Marcos, has completed a site review of this project and strongly supports this project.

**Project Financing**

Estimated Total Project Cost: \$33,359,367    Per Unit Cost: \$317,266    Construction Cost Per Sq. Foot: \$168  
Estimated Residential Cost: \$32,678,367  
Estimated Commercial Cost: \$681,000

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
Boston Capital Finance LLC	\$7,600,000	Boston Capital Finance LLC	\$5,700,000
San Marcos Redevelopment Agency	\$11,250,000	San Marcos Redevelopment Agency	\$12,492,172
Deferred Developer Fee	\$990,000	FHLB AHP	\$257,500
Investor Equity	\$13,434,367	Deferred Developer Fee	\$990,000
		Investor Equity	\$13,919,695
		<b>TOTAL</b>	<b>\$33,359,367</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis: \$16,069,223  
130% High Cost Adjustment: **Yes**  
Applicable Fraction: **100%**  
Qualified Basis Credit Reduction (2%) \$417,800  
Qualified Basis: \$20,472,190  
Applicable Rate: 8.00%  
Total Maximum Annual Federal Credit: \$1,637,611  
Approved Developer Fee in Project Cost: \$2,000,000  
Approved Developer Fee in Eligible Basis: \$1,400,000  
Tax Credit Factor: Boston Capital \$0.85

Applicant requests and staff recommends annual federal credits of \$1,637,611 based on a qualified basis of \$20,472,190 and a funding shortfall of \$13,919,695.

**Cost Analysis and Line Item Review**

The requested eligible basis \$16,069,223 is below TCAC's threshold basis limit \$19,234,362. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations.

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 8.00% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

**Special Issues/Other Significant Information:**

**Legal Status:** Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

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

<b>Federal/Annual</b>	<b>State/Total</b>
<b>\$1,637,611</b>	<b>\$0</b>

**Standard Conditions**

An application for a carryover allocation must be submitted by **October 31, 2008**, as required by regulation section 10328(d), together with the applicable allocation fee and all required documentation. The time for meeting the "10%" test and submitting related documentation will be no later than six (6) months after the date of the executed carryover allocation (as defined by IRC Section 42 and IRS Notices). The applicant must ensure the project meets all Additional Threshold Requirements for the housing type of the proposed project.

The applicant must submit all documentation required for a Final Reservation no later than February 1 of the year that the building(s) must be placed in service pursuant to Section 42(h)(1)(E)(i) of the Internal Revenue Code of 1986, as amended. The applicant shall provide the Committee a Final Reservation application providing the documentation for the project set forth in Section 10322(i)(1) of these regulations. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

TCAC makes the preliminary 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 as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. The performance deposit must be paid by cashier's check within 20 calendar days of any preliminary reservation. The allocation fee must be paid within a time period specified in the preliminary reservation letter. The allocation fee will be due prior to execution of a carryover allocation or issuance of tax forms, whichever comes first. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, 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 after the buildings are placed in service.

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 credit 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.

If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants.

Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(8) at project completion.

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**

Applicants that received 20 points for readiness to proceed must meet ALL of the following requirements. The applicant must be ready to begin construction within 150 days of the Credit Reservation which is **March 9, 2009**, as evidenced by submission, within that time of, recorded deeds of trust for all construction financing, payment of all construction lender fees, issuance of building permits and notice to proceed delivered to the contractor. Failure to meet this timeline will result in rescission of the Credit Reservation.

**Project Analyst:** Gina Ferguson