CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 8, 2008
REVISED

Project Number CA-2008-918

Project Name Montclaire Place
Site Address: 600 Wilbur Avenue
Antioch, CA 94509 County: Contra Costa
Census Tract: 3060.01

Applicant Information
Applicant: Montclaire Place, L.P.
Contact Gary Freedman
Address: 23622 Calabasas Road, Suite 200
Calabasas, CA 91302
Phone: (818) 223-3500 Fax: (818) 223-3501
Sponsors Type: Joint Venture

Information
Housing Type: Non-Targeted

Bond Information
Issuer: Contra Costa County
Expected Date of Issuance: November 28, 2008
Credit Enhancement: None

Eligible Basis
Actual: $37,467,200
Requested: $37,467,200
Maximum Permitted: $72,254,080

Extra Feature Adjustments: None

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	$1,378,252	$0
Recommended:	$1,378,252	$0

Project Information
Construction Type: Acquisition and Rehabilitation
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 268
Total # Residential Buildings: 22

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 266 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 28
Number of Units @ or below 60% of area median income: 238

Unit Type & Number		2008 Rents % of Area Median Income	Proposed Rent (including utilities)
4	One-Bedroom	50%	$807
36	One-Bedroom	60%	$969
22	Two-Bedroom	50%	$968
188	Two-Bedroom	60%	$1,162
2	Three-Bedroom	50%	$1,119
14	Three-Bedroom	60%	$1,343
2	Three-Bedroom	Manager's Unit	$1,083

The general partner or principal owner is Montclaire Place 268, LLC and a to-be-formed LLC of Jamboree Housing Corporation.

The project developer is West Coast Redevelopers, LLC.

The management services will be provided by West Coast Redevelopers, LLC.

The market analysis was provided by Novogradac and Company, LLP.

The Local Reviewing Agency, the City of Antioch, has completed a site review of this project and supports this project.

Project Financing

Estimated Total Project Cost: $43,776,887 Per Unit Cost: $163,347 Construction Cost Per Sq. Foot: $19

Construction Financing Source	Amount	Permanent Financing Source	Amount
Citi Community Capital – TE Bonds	$30,000,000	Citi Community Capital – TE Bonds	$30,000,000
Citi Community Capital – Taxable Loan	$1,750,000	Citi Community Capital – Taxable Loan	$1,750,000
		Deferred Developer Fee	$517,179
		Investor Equity	$11,509,708
		TOTAL	**$43,776,887**

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	$6,371,460
Requested Acquisition Eligible Basis:	$31,095,740
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	$8,282,898
Qualified Acquisition Basis:	$31,095,740
Applicable Rate:	3.50%
Maximum Annual Federal Rehabilitation Credit:	$289,901
Maximum Annual Federal Acquisition Credit:	$1,088,351
Total Maximum Annual Federal Credit:	$1,378,252
Approved Developer Fee:	$2,500,000
Tax Credit Factor: *Alliant Capital*	$0.83509

Applicant requests and staff recommends annual federal credits of $1,378,252, based on a qualified rehabilitation basis of $8,282,898, a qualified acquisition basis of $31,095,740, and a funding shortfall of $11,509,708.

Cost Analysis and Line Item Review

The requested eligible basis $37,467,200 is below TCAC's adjusted threshold basis limit $72,254,080. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitation.

Annual operating expenses meets the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Please see the "Special Issues/Other Significant Information" section for further details regarding the minimum operating expenses.

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: Pursuant to Regulation Section 10327(g)(1), the Executive Director has utilized his discretion to allow the minimum annual operating expense to be reduced to $3,800 for underwriting purposes.

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
$1,378,252	**$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 (1) after school programs of an ongoing nature and (2) educational classes that are not the same as after school programs 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