



<u>Unit Type &amp; Number</u>	<u>2008 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 One-bedroom Unit	30%	\$302
3 One-bedroom Units	45%	\$453
8 One-bedroom Units	50%	\$504
4 One-bedroom Units	60%	\$605
3 Two-bedroom Units	30%	\$363
4 Two-bedroom Units	45%	\$544
16 Two-bedroom Units	50%	\$605
9 Two-bedroom Units	60%	\$726
4 Three-bedroom Units	30%	\$419
5 Three-bedroom Units	45%	\$629
16 Three-bedroom Units	50%	\$699
6 Three-bedroom Units	60%	\$839
1 Three-bedroom Unit	Manager's Unit	\$812

The general partner(s) or principal owner(s) is Corporation for Better Housing.

The project developer is Corporation for Better Housing.

The management agent is Beacon Property Management.

The market analyst is Novogradac & Company, LLP.

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

**Project Financing**

Estimated Total Project Cost: \$10,909,398      Per Unit Cost: \$136,367      Construction Cost Per Sq. Foot: \$99

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
Alliant Mortgage Company, LLC	\$8,000,000	Alliant Mortgage Company, LLC	\$2,696,000
FHLB AHP	\$1,000,000	FHLB AHP	1,000,000
Investor Equity	\$1,584,576	Deferred Developer Fee	\$199,584
		Investor Equity	\$7,013,814
		<b>TOTAL</b>	<b>\$10,909,398</b>

<b>Determination of Credit Amount(s)</b>	<b>Previously Awarded 9% Federal Eligible Basis</b>	<b>FWHAP State Eligible Costs</b>
Requested Eligible Basis / Eligible Costs:	\$7,524,822	\$10,333,647
130% High Cost Adjustment:	Yes	N/A
Applicable Fraction:	100%	50%
Qualified Basis Credit Reduction (2%)	\$195,645	N/A
Qualified Eligible Basis / Eligible Costs:	\$9,586,623	\$5,166,824
Applicable Rate:	8.00%	50%
Total Maximum Annual Federal Credit:	\$766,930	N/A
Total Maximum Farmworker Credit:	N/A	\$1,199,367
Approved Developer Fee:	\$400,000	\$400,000
Tax Credit Factor: Alliant Capital, LLC	\$0.88	\$0.605

Applicant requests and staff recommends total Farmworker Housing Assistance Program state credits of \$1,199,367 based on a qualified eligible cost of \$5,166,824, and a funding shortfall of \$725,617. The project's total funding shortfall, excluding federal tax credits, is \$7,013,814.

### **Cost Analysis and Line Item Review**

The requested eligible costs of \$10,333,637 are below TCAC's threshold basis limit \$13,519,520. This basis limit was determined by the previous federal tax credit award made on October 8, 2008. 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 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:** Di Giorgio Family Apartments was awarded annual federal tax credits of \$766,930 on October 8, 2008. Changes in the project's interest rate and the federal tax credit factor subsequent to the original federal tax credit application resulted in an increased funding shortfall for this project. The applicant has submitted a Farmworker Housing Assistance Program application for state tax credits based on this additional funding shortfall.

Adequate laundry facilities must be available on project premises, with no fewer than one washer/dryer per 10 units upon completion of the project prior to the issuance of federal and state tax forms.

**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>Previously Awarded</b>	<b>FWHAP/Total</b>
<b>Federal/Annual</b>	<b>\$1,199,367</b>
<b>\$766,930</b>	

### **Standard Conditions for Federal Tax Credit Award**

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 farmworker state 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 for Federal Tax Credit Award**

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