

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2009 Single Round Cycle
Tax-Exempt Bond Project with State Credits
September 10, 2009

Project Number CA-2009-833

Project Name Camellia Place
Site Address: 1855 Cheatham Avenue
Bakersfield, CA 93307 County: Kern
Census Tract: 0024.00

Applicant Information

Applicant: Camellia Pl., L.P.
Contact: Gwendy Silver Egnater
Address: 15303 Ventura Blvd., Ste. 1100
Sherman Oaks, CA 91403
Phone: (818) 905-2430 Fax: (818) 905-2440
Email: gwendy@corpoffices.org
Sponsors Type: Nonprofit

Information

Housing Type: Large Family

Bond Information

Issuer: CSCDA
Expected Date of Issuance: November 1, 2009
Credit Enhancement: N/A

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$396,636	\$1,473,218
Recommended:	\$396,636	\$1,473,218

Project Information

Construction Type: New Construction
Federal Subsidy: County of Kern HOME
HCD MHP Funding: Yes
Total # of Units: 45
Total # Residential Buildings: 45
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 44 units
55-Year Use/Affordability Restriction: Yes

Eligible Basis

Actual: \$11,332,445
Requested: \$11,332,445
Maximum Permitted: \$27,798,787

Adjustments to Threshold Basis Limit:

Required to Pay Prevailing Wages
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted
Between 50% AMI & 36% AMI: 28%
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at
35% AMI or Below: 8%

Selection Criteria	Max. Possible Points	Requested Points	Points Awarded
Owner/Management Characteristics Maximum of 9 points	9	9	9
<input checked="" type="checkbox"/> General Partner Experience	6	6	6
<input checked="" type="checkbox"/> Management Experience	3	3	3
Housing Needs Maximum of 10 points	10	10	10
Site Amenities Maximum of 15 points	15	9	9
<input checked="" type="checkbox"/> Within ¼ mile of transit stop with service every 30 minutes during rush hours	6	6	6
<input checked="" type="checkbox"/> Within ¼ mile of public park or community center open to general public	3	3	3
Service Amenities Maximum of 10 points	10	10	10
<input checked="" type="checkbox"/> After school programs of an ongoing nature for school age children	5	5	5
<input checked="" type="checkbox"/> Educational classes (e.g. ESL, Computer training, etc. and aren't same as After	5	5	5
Sustainable Building Methods Maximum of 8 points	8	8	8
<input checked="" type="checkbox"/> Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
<input checked="" type="checkbox"/> Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
<input checked="" type="checkbox"/> Formaldehyde-free insulation	1	1	1
<input checked="" type="checkbox"/> Recycled materials incorporated into: concrete, carpet, road base or landscape	1	1	1
<input checked="" type="checkbox"/> Rainwater retention at ½ inch rainfall per 24-hour period	1	1	1
<input checked="" type="checkbox"/> Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
Lowest Income Maximum of 52 points	52	52	52
<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
Readiness to Proceed Maximum of 20 points	20	20	20
Total Points	124	118	118

<u>Unit Type & Number</u>	<u>2009 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 Three-Bedroom	30%	\$435
3 Three -Bedroom	40%	\$580
3 Three -Bedroom	45%	\$653
2 Three -Bedroom	50%	\$725
3 Three -Bedroom	60%	\$870
5 Four-Bedroom	30%	\$485
7 Four -Bedroom	40%	\$647
5 Four -Bedroom	45%	\$727
8 Four-Bedroom	50%	\$808
5 Four-Bedroom	60%	\$970
1 Three-Bedroom	Manager's Unit	\$773

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

The project developer is Corporation for Better Housing.

The management services will be provided by Beacon Property Management.

The market analysis was provided by Novogradac & 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: \$11,867,676 Per Unit Cost: \$230,637 Construction Cost Per Sq. Foot: \$149

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Alliant Mortgage Company	\$8,500,000	Alliant Capital	\$677,000
HCD – Joe Serna	\$1,350,000	HCD – Joe Serna	\$1,500,000
FHLBSF	\$434,000	HCD - MHP	\$2,828,000
Alliant Capital	\$290,201	County of Kern HOME	\$900,000
		FHLBSF	\$434,000
		Deferred Developer Fee	\$1,273,343
		Investor Equity	\$4,255,333
		TOTAL	\$11,867,676

Determination of Credit Amount(s)

Requested Eligible Basis:	\$11,332,445
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Basis:	\$11,332,445
Applicable Rate:	3.50%
Maximum Annual Federal Credit:	\$396,636
State Credit Applicable Rate:	13%
Total State Credit:	\$1,473,218
Approved Developer Fee in Cost:	\$1,489,000
Approved Developer Fee in Basis	\$1,400,000:
Investor:	Alliant Capital
Federal Tax Credit Factor:	\$0.85
State Tax Credit Factor:	\$0.60

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found most fees to be within TCAC's underwriting guidelines and TCAC limitation with the exception of the developer fee and the construction interest and fees as explained below in the Special Issues section. 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
\$396,636	\$1,473,218

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

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 **February 8, 2010**, 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: Elaine Johnson