

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
September 23, 2009

Project Number CA-2009-854

Project Name Tule Vista
Address: Bordered by Alpine, "D", "E", and Elm Avenue
Tulare, CA 93274 County: Tulare

Applicant Information

Applicant: Tule Vista Associates, a California Limited Partnership
Contact Caleb Roope
Address: 430 E. State Street, Suite 100
Eagle, ID 83616
Phone: (208) 461-0022 **Fax:** (208) 461-3267
Email: calebr@tpchousing.com
Sponsors Type: Nonprofit

Information

Housing Type: Large Family, New Construction

Bond Information

Issuer: Housing Authority of the County of Tulare
Expected Date of Issuance: 12/24/09
Credit Enhancement: No

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$563,743	\$0
Recommended:	\$563,743	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 57
Total # Residential Buildings: 57
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 56 units
55-Year Use/Affordability Restriction: Yes

Eligible Basis

Actual: \$16,108,543
Requested: \$16,108,543
Maximum Permitted: \$16,291,803

Adjustments to Threshold Basis Limit:

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units that are Income Targeted Between 50% AMI & 36% AMI: 6%

3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features

- Projects using a Minimum Efficiency Report Value (MERV) 8 or higher air filter for HVAC systems that introduce outside air
- Projects recycling at least 75% of the construction and demolition waste (measured by either weight or volume)
- Projects using at least four recycled products listed in the Construction, Flooring, or Recreation section of the California Integrated Waste Management Board’s Recycled Content Products Database)

<u>Unit Type & Number</u>	<u>2009 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 Two-Bedroom	50%	\$627
9 Two-Bedroom	60%	\$753
3 Three-Bedroom	50%	\$725
36 Three-Bedroom	60%	\$870
5 Four-Bedroom	60%	\$970
1 Three-Bedroom	Manager’s unit	\$0

The general partner(s) or principal owner(s) are Roope, LLC and Kaweah Management Company.

The project developer is Pacific West Communities, Inc.

The management services will be provided by Housing Authority of the County of Tulare.

The market analysis was provided by M.E. Shay & Co.

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: \$16,918,070 Per Unit Cost: \$296,808 Construction Cost Per Sq. Foot: \$132

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank	\$9,473,007	Citibank	\$3,000,000
City of Tulare RDA	\$2,835,000	City of Tulare RDA	\$2,835,000
Tulare County H.A. Loan	\$904,180	Tulare County H.A. Loan	\$3,900,000
City of Tulare RDA Land Loan	\$385,000	City of Tulare RDA Land Loan	\$385,000
ARRA Loan	\$680,000	ARRA Loan	\$1,700,000
Deferred Developer Fee	\$2,101,114	Deferred Developer Fee	\$870,000
Tule Vista Associates, LLC	\$116,962	Investor Equity	\$4,228,070
Alliant Capital	\$422,807		
		TOTAL	\$16,918,070

Determination of Credit Amount(s)

Requested Eligible Basis:	\$16,108,543
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Basis:	\$16,108,543
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$563,743
Approved Developer Fee:	\$2,101,114
Investor:	Alliant Capital Company
Tax Credit Factor:	\$0.75

Cost Analysis and Line Item Review

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 Tax Credits/Annual	State Tax Credits/Total
\$563,743	\$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: None.

Project Analyst: Elaine Johnson