

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 22, 2009

Project Number CA-2009-859

Project Name Aparicio Apartments
Address: 301 & 332 Ellwood Beach; 127 & 145 Orange; 120 Magnolia
Goleta, CA 93117 County: Santa Barbara

Applicant Information

Applicant: Aparicio Community Apartments, L.P.
Contact Bob Havlicek
Address: 815 West Ocean Avenue
Lompoc, CA 93436
Phone: (805) 736-3423 x217 **Fax:** (805) 735-7672
Email: bobhavlicek@hasbarco.org
Sponsors Type: Nonprofit

Information

Housing Type: Family

Bond Information

Issuer: Housing Authority of the County of Santa Barbara
Expected Date of Issuance: January 1, 2010
Credit Enhancement: N/A

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$434,000	\$0
Recommended:	\$434,000	\$0

Project Information

Construction Type: Acquisition and Rehabilitation
Federal Subsidy: Tax-Exempt/HUD Project-Based Section 8*
HCD MHP Funding: No
Total # of Units: 54
Total # Residential Buildings: 5
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 53 units
Breakdown by %: 8 units @ 50% AMI, 45 units @ 60% AMI
55-Year Use/Affordability Restriction: Yes

* Please see "Special Issues/Other Significant Information" section on Page 3 of Staff Report

Eligible Basis

Actual: \$11,451,700
Requested: \$11,451,700
Maximum Permitted: \$13,518,048

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: 15%

<u>Unit Type & Number</u>	<u>2009 Rents Targeted % of Area Median Income</u>	<u>2009 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 Studio Unit	50%	50%	\$681
4 Studio Units	60%	60%	\$817
3 One-bedroom Units	50%	50%	\$729
2 One-bedroom Units	50%	50%	\$729
22 One-bedroom Units	60%	60%	\$875
12 One-bedroom Units	60%	60%	\$875
1 Two-bedroom Unit	50%	50%	\$875
4 Two-bedroom Units	60%	60%	\$1,050
1 Two-bedroom Unit	50%	50%	\$875
3 Two-bedroom Units	60%	60%	\$1,050
1 Three-bedroom Unit	Manager's Unit	Manager's Unit	\$0

The general partners or principal owners are the Housing Authority of the County of Santa Barbara and Surf Development Company.

The project developer is Housing Authority of the County of Santa Barbara.

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

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: \$13,434,770 Per Unit Cost: \$248,792 Construction Cost Per Sq. Foot: \$81

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
US Bank	\$6,600,000	US Bank	\$2,250,000
HA of the County of Santa Barbara	\$4,937,358	HA of the County of Santa Barbara	\$7,100,000
HA of the County of Santa Barbara	\$210,966	HA of the County of Santa Barbara	\$210,966
HA of the County of Santa Barbara	\$749,007	HA of the County of Santa Barbara	\$749,007
Investor Equity	\$937,439	Investor Equity	\$3,124,797
		TOTAL	\$13,434,770

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	\$5,011,700
Requested Acquisition Eligible Basis:	\$6,440,000
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	\$5,960,000
Qualified Acquisition Basis:	\$6,440,000
Applicable Rate:	3.50%
Maximum Annual Federal Rehabilitation Credit:	\$208,600
Maximum Annual Federal Acquisition Credit:	\$225,400
Total Maximum Annual Federal Credit:	\$434,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,493,700
Investor:	RBC Capital Markets
Federal Tax Credit Factor:	\$0.7200

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: HUD Project-Based Section 8 Vouchers will be available to the project upon closing and completed rehabilitation.

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
\$434,000	\$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: Anthony Zeto