

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 26, 2010

Project Number CA-2010-819

Project Name New Hope Home
 Site Address: 1150 New York Street
 Long Beach, CA 90813 County: Los Angeles
 Census Tract: 5752.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$769,925	\$0
Recommended:	\$726,207	\$0

Applicant Information

Applicant: New Hope Home, L.P.
 Contact: Christopher Kolbensschlag
 Address: 1101 E. Orangewood Ave., Suite 103
 Anaheim CA 92805
 Phone: (714) 221-5605 Fax: (714) 533-0457
 Email: ckolbensschlag@barkermgt.com

General partner(s) or principal owner(s): New Hope Home, Inc.
 General Partner Type: Nonprofit
 Developer: Valued Housing II, LLC
 Investor: Boston Capital Corporation
 Management Agent: Barker Management, Incorporated

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 1
 Total # of Units: 140
 No. & % of Tax Credit Units: 139 100%
 Federal Set-Aside Elected: 40/60
 Federal Subsidy: Tax Exempt / HUD Section 8 (100% - 140 units)
 HCD MHP Funding: No
 55-Year Use/Affordability: Yes
 Number of Units @ or below 50% of area median income: 28
 Number of Units @ or below 60% of area median income: 111

Information

Housing Type: At-Risk
 Geographic Area: Los Angeles
 TCAC Project Analyst: Jack Waegell

Bond Information

Issuer: CSCDA
 Expected Date of Issuance: June 21, 2010
 Credit Enhancement: FHA Insurance / Treasury NIBP

Unit Mix

84 SRO/Studio Units
56 1-Bedroom Units
0 2-Bedroom Units
0 3-Bedroom Units
0 4-Bedroom Units
<hr/> 140 Total Units

Unit Type & Number	2009 Rents Targeted % of Area Median Income	2009 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
17 SRO / Studio	50%	50%	\$693
67 SRO / Studio	60%	55%	\$763
11 One-bedroom	50%	50%	\$743
44 One-bedroom	60%	60%	\$891
1 One-bedroom	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost:	\$20,705,945	Construction Cost Per Square Foot:	\$88
		Per Unit Cost:	\$147,900

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
PNC / FHA 221(d)(4) - T. Ex. Bonds	\$10,000,000	PNC / FHA 221(d)(4)-T.Ex. Bonds	\$10,000,000
New Hope Home - Seller Loan	\$5,256,226	New Hope Home - Seller Loan	\$5,239,480
		Deferred Developer Fee	\$310,395
		Tax Credit Equity	\$5,156,070
		TOTAL	\$20,705,945

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$10,024,282
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$8,327,485
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$13,031,567
Qualified Basis (Acquisition):	\$8,327,485
Applicable Rate:	3.40%
Maximum Annual Federal Credit, Rehabilitation:	\$443,073
Maximum Annual Federal Credit, Acquisition:	\$283,134
Total Maximum Annual Federal Credit:	\$726,207
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,380,000
Investor:	Boston Capital Corporation
Federal Tax Credit Factor:	\$0.71000

Per Regulation Section 10322(i)(4)(A), The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$18,351,767
Actual Eligible Basis:	\$18,351,767
Unadjusted Threshold Basis Limit:	\$25,038,664
Total Adjusted Threshold Basis Limit	\$32,550,263

Adjustments to Basis Limit:

95% of Upper Floor Units are Elevator-Serviced
 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted
 between 50% AMI & 36% AMI: 20%

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 limitations, except for the developer costs included under rehabilitation eligible basis as explained in the Special Issues section below. 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 3.40% 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: The applicant included developer fee costs under rehabilitation eligible basis that exceeded the limitation imposed by regulation. Staff adjusted accordingly. The application submitted to TCAC used a federal rate of 3.60% in calculating the requested tax credit figure. The current federal rate for TCAC underwriting purposes is 3.40%. Staff adjusted accordingly resulting in a smaller recommended tax credit figure than requested by the applicant.

Local Reviewing Agency:

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.

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:

Federal Tax Credits/Annual	State Tax Credits/Total
\$726,207	\$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 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 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 preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and 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.

Additional Conditions: The applicant/owner is required to provide the tenants with contracts for services, such as assistance with daily living, free of charge 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.

The applicant/owner is required to complete the following Sustainable Building Methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the placed-in-service application is submitted: use of at least one of the following recycled materials at the designated levels, a) cast-in-place concrete (20% flyash), b) carpet (25%), c) road base, fill or landscape amendments (30%); install either flow restrictors on kitchen faucets (2 gallons per minute or less) and bathroom faucets (1.5 gallons per minute or less) or at least one high-efficiency toilet (1.3 gallons or less per flush) or dual flush toilet per unit; for rehabilitation projects not subject to Title 24 requirements, use of fluorescent light fixtures for at least 75% of the light fixtures or comparable energy saving lighting for the project's total lighting (including community rooms and any common space) throughout the Compliance period.