

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2010 First Round**  
**June 9, 2010**

**Project Number** CA-2010-108

**Project Name** Valle Naranjal  
Site Address: 4268 Center Street  
Piru CA 93040 County: Ventura  
Census Tract: 2.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,918,646	\$0
Recommended:	\$1,918,646	\$0

**Applicant Information**

Applicant: Cabrillo Economic Development Corporation ("CEDC")  
Contact: Jesse R. Ornelas  
Address: 702 County Square Drive  
Ventura CA 93003  
Phone: 805-659-3791 Fax: 805-647-4419  
Email: jrornelas@cabrilloedc.org

General partner(s) or principal owner(s): Cabrillo Economic Development Corp.  
General Partner Type: Nonprofit  
Developer: Cabrillo Economic Development Corp.  
Investor/Consultant: California Housing Partnership Corp.  
Management Agent: Cabrillo Economic Development Corp.

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 13  
Total # of Units: 66  
No. & % of Tax Credit Units: 65 100%  
Federal Set-Aside Elected: 40%/60% Test  
Federal Subsidy: HOME/USDA 521 (65 units - 100%)  
Affordability Breakdown by % (Lowest Income Points):  
30% AMI: 10 %  
40% AMI: 20 %  
45% AMI: 65 %

**Information**

Set-Aside: Rural/RHS 514  
Housing Type: Large Family  
Geographic Area: N/A  
TCAC Project Analyst: Benjamin Schwartz

**Unit Mix**

21	2-Bedroom Units
35	3-Bedroom Units
10	4-Bedroom Units
<u>66</u>	<u>Total Units</u>

<u>Unit Type &amp; 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>
2 2 Bedrooms	30%	30%	\$591
4 3 Bedrooms	30%	30%	\$682
1 4 Bedrooms	30%	30%	\$761
4 2 Bedrooms	40%	40%	\$788
8 3 Bedrooms	40%	40%	\$910
2 4 Bedrooms	40%	40%	\$1,015
15 2 Bedrooms	45%	45%	\$886
22 3 Bedrooms	45%	45%	\$1,023
7 4 Bedrooms	45%	45%	\$1,141
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost:	\$22,436,664	Construction Cost Per Square Foot:	\$117
		Per Unit Cost:	\$339,949

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank, N.A.	\$14,634,758	USDA Rural Development Section 514	\$4,045,000
County of Ventura - HOME Funds	\$1,317,578	County of Ventura HOME Funds	\$1,317,578
HOME Funds Accrued/Def Interest	\$47,100	HOME Funds Accrued/Def Interest	\$47,100
FHLB - Affordable Housing Program	\$650,000	FHLB - Affordable Housing Program	\$650,000
HCD - Joe Serna Jr. Farmworker Program	\$1,000,000	HCD - Joe Serna Farmworker	\$1,000,000
HCD Funds - Accrued/Def Interest	\$35,800	HCD Funds - Accrued/Def Interest	\$35,800
Costs Deferred Until Completion	\$922,149	Library Fee Waiver	\$48,708
County of Ventura - Library Fee Waiver	\$48,708	GP Equity	\$100
GP Capital Contribution	\$100	Deferred Developer Fee	\$1,000,000
LP Capital Contribution	\$2,780,471	Tax Credit Equity	\$14,292,378
Deferred Developer Fee	\$1,000,000	<b>TOTAL</b>	<b>\$22,436,664</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$16,398,691
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$21,318,298
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,918,647
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corp.
Federal Tax Credit Factor:	\$0.74492

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:	\$16,398,691
Actual Eligible Basis:	\$17,467,816
Unadjusted Threshold Basis Limit:	\$17,292,960
Total Adjusted Threshold Basis Limit:	\$18,127,542

**Adjustments to Basis Limit:**

Local Development Impact Fees

**Tie-Breaker Information**

First:	<b>Large Family</b>
Second:	<b>58.383%</b>

**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. 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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. 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:** None

**Legal Status:** Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

**Local Reviewing Agency:**

The Local Reviewing Agency, County of Ventura, has completed a site review of this project and strongly supports this project.

**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>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$1,918,646</b>	<b>\$0</b>

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day Requirements elected, and a Final Reservation. 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. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax

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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. 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)(6) 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) at project completion.

**Additional Conditions**                      None

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Public Funds	20	31	20
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 500 feet of a regular bus stop or rapid transit system stop	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Large Family proj. w/i 1 mile of public school project children may attend	2	2	2
Within 1 mile of medical clinic or hospital	3	3	3
In-unit high speed internet service	3	3	3
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
Health/wellness or skill-building classes, minimum instruction of 120 hrs/yr	10	10	10
<b>Sustainable Building Methods</b>	<b>8</b>	<b>8</b>	<b>8</b>
New construction/adaptive reuse energy efficiency 10% above Title 24	4	4	4
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
Formaldehyde free cabinets, countertops and shelving	1	1	1
Rainwater retention at ½ inch rainfall per 24-hour period	1	1	1
Project has nonsmoking buildings or contiguous sections w/i a building	1	1	1
<b>Lowest Income</b>	<b>52</b>	<b>67</b>	<b>52</b>
Basic Targeting	50	65	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>State Credit Substitution</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Points</b>	<b>146</b>	<b>146</b>	<b>146</b>

**Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.**

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**