

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
July 28, 2010

Project Number CA-2010-820

Project Name Vintage at Snowberry Senior Apartments
Site Address: 8402 & 8404 Colorado Avenue
Riverside, CA 92504 County: Riverside
Census Tract: 315.200

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,207,520	\$0
Recommended:	\$1,207,520	\$0

Applicant Information

Applicant: Snowberry Senior Apartments, L.P.
Contact: Geoffrey Brown
Address: 2440 Professional Drive
Roseville CA 95661
Phone: 916.724.3801 **Fax:** 916.773.5866
Email: gbrown@usapropfund.com

General partner(s) or principal owner(s): USA Snowberry Seniors, Inc.
Riverside Charitable Corporation
General Partner Type: Joint Venture
Developer: USA Multifamily Development, Inc.
Investor/Consultant: WNC & Associate
Management Agent: USA Multifamily Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 17
Total # of Units: 224
No. & % of Tax Credit Units: 222 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: N/A
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 64
Number of Units @ or below 60% of area median income: 158

Information

Housing Type: Seniors
Geographic Area: Inland Empire
TCAC Project Analyst: DC Navarrette

Bond Information

Issuer: California Statewide Communities Development Authority
 Expected Date of Issuance: 7/28/2010
 Credit Enhancement: N/A

Unit Mix

110 1-Bedroom Units
 114 2-Bedroom Units
 224 Total Units

<u>Unit Type & Number</u>	<u>2010 Rents Targeted % of Area Median Income</u>	<u>2010 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
14 1 Bedroom	50%	20%	\$253
40 1 Bedroom	50%	50%	\$624
55 1 Bedroom	60%	60%	\$749
1 2 Bedrooms	50%	17%	\$253
9 2 Bedrooms	50%	50%	\$748
103 2 Bedrooms	60%	60%	\$898
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$34,526,332 Construction Cost Per Square Foot: \$93
 Per Unit Cost: \$154,135

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
JPMorgan Chase Bank	\$18,500,000	Prudential Affordable Mortgage Co.	\$16,000,000
USA Properties Fund, Inc.	\$752,461	USA Properties Fund, Inc.	\$752,461
City HOME Loan	\$619,674	City HOME Loan	\$688,527
City RDA Loan	\$3,430,326	City RDA Loan	\$3,811,473
USA Multifamily Development, Inc.	\$2,500,000	MHSA Supportive Housing Program	\$1,622,400
USA Construction Management, Inc.	\$1,422,248	Snowberry Senior Apartments, L.P.	\$540,574
Deferred Fees and Costs	\$436,806	Snowberry Senior Apartments, L.P.	\$296,000
Snowberry Senior Apartments, L.P.	\$540,574	Deferred Developer Fee	\$2,000,000
Tax Credit Equity	\$6,324,243	Tax Credit Equity	\$8,814,897
		TOTAL	\$34,526,332

Determination of Credit Amount(s)

Requested Eligible Basis: \$27,647,456
 130% High Cost Adjustment: Yes
 Applicable Fraction: 100.00%
 Qualified Basis: \$35,941,693
 Applicable Rate: 3.40%
 Total Maximum Annual Federal Credit: \$1,207,520
 Approved Developer Fee (in Project Cost & Eligible Basis): \$2,500,000
 Investor/Consultant: WNC & Associates, Inc.
 Federal Tax Credit Factor: \$0.73000

Per Regulation Section 10322(d)(7)(B), 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:	\$27,647,456
Actual Eligible Basis:	\$27,647,456
Unadjusted Threshold Basis Limit:	\$45,962,560
Total Adjusted Threshold Basis Limit:	\$61,336,378

Adjustments to Basis Limit:

Local Development Impact Fees	
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI:	28%

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 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 contractor overhead is 14.68% which exceeds the TCAC maximum of 14%. The applicant is advised this must be below the maximum by placed in service.

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
\$1,207,520	\$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 educational classes and contract for services 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

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: exceeding Title 24 energy standards, installing Energy Star ceiling fans or a whole house fan, use of flow restrictors on faucets/high efficiency toilets, use of no V.O.C. in paint and carpet, retaining or treating on-site rainfall, non-smoking buildings.