

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2010 Second Round**  
**September 22, 2010**

**Project Number** CA-2010-271

**Project Name** Brawley Pioneers Apartments  
 Site Address: Southwest Corner of Best Road and C Street  
 Brawley, CA 92227 County: Imperial  
 Census Tract: 104.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,172,784	\$0
Recommended:	\$1,172,784	\$0

**Applicant Information**

Applicant: Pacific Southwest Community Development Corporation on behalf of  
 CIC Brawley Pioneers, L.P. and Chelsea Investment Corporation

Contact: Robert W. Laing  
 Address: 16935 West Bernardo Drive, Suite 238  
 San Diego, CA 92127

Phone: (858) 675-0506 Fax: (858) 675-0702  
 Email: robertlaing@pswcdc.org

General partner or principal owner: Pacific Southwest Community Development Corporation  
 General Partner Type: Nonprofit  
 Developer: Chelsea Investment Corporation  
 Investor/Consultant: The Richman Group  
 Management Agent: CIC Management, Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 7  
 Total # of Units: 76  
 No. & % of Tax Credit Units: 75 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: USDA RHS 514/RHS 521 Rental Assistance (75 Units - 100%)  
 Affordability Breakdown by % (Lowest Income Points):  
 30% AMI: 10 %  
 45% AMI: 30 %  
 55% AMI (Rural): 40 %

**Information**

Set-Aside: Rural  
 Housing Type: Large Family  
 Geographic Area: N/A  
 TCAC Project Analyst: DC Navarrette

**Unit Mix**

16 1-Bedroom Units  
 24 2-Bedroom Units  
 36 3-Bedroom Units  


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 76 Total Units

<b>Unit Type &amp; Number</b>	<b>2010 Rents Targeted % of Area Median Income</b>	<b>2010 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
3 1 Bedroom	60%	60%	\$634
6 1 Bedroom	55%	55%	\$581
6 1 Bedroom	45%	45%	\$475
1 1 Bedroom	30%	30%	\$314
3 2 Bedrooms	60%	60%	\$760
10 2 Bedrooms	55%	55%	\$697
8 2 Bedrooms	45%	45%	\$570
3 2 Bedrooms	30%	30%	\$380
6 3 Bedrooms	60%	60%	\$879
14 3 Bedrooms	55%	55%	\$805
11 3 Bedrooms	45%	45%	\$659
4 3 Bedrooms	30%	30%	\$439
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost:	\$15,685,518	Construction Cost Per Square Foot:	\$133
		Per Unit Cost:	\$206,388

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
Rabobank Construction Loan	\$9,134,202	USDA RD 514 Permanent Loan	\$5,572,000
Richman Tax Credit Equity	\$4,650,000	Deferred Fee	\$470,356
Deferred Fee	\$1,171,316	Seller's Land Note	\$730,000
Seller's Land Note	\$730,000	Tax Credit Equity	\$8,913,162
		<b>TOTAL</b>	<b>\$15,685,518</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$10,024,801
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$13,032,241
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$1,172,784
Approved Developer Fee in Project Cost	\$1,818,720
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	The Richman Group
Federal Tax Credit Factor:	\$0.76

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:	\$10,024,801
Actual Eligible Basis:	\$13,524,801
Unadjusted Threshold Basis Limit:	\$15,268,624
Total Adjusted Threshold Basis Limit:	\$15,911,327

**Adjustments to Basis Limit:**

Local Development Impact Fees

**Tie-Breaker Information**

First:	<b>Large Family</b>
Second:	<b>71.612%</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 meet 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 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$1,172,784</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 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.

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	20	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 ft of regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3
Within 3 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Large Family proj. w/i ½ mile of public school project children may attend	3	3	3
Within 1 mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	1	1	1
In-unit high speed internet service	3	3	3
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
Adult educational classes, minimum instruction of 60 hours/year	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
<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
Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
Construction Indoor Air Quality Management plan	2	2	2
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	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.**