

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2010 Third Round

December 15, 2010

Project Number CA-2010-852

Project Name Kearney Palms Senior Apartments, Phase III
Site Address: 14644 W. Kearney Blvd.
Kerman, CA 93630 County: Fresno
Census Tract: 40.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$201,941	\$771,981
Recommended:	\$201,941	\$771,981

Applicant Information

Applicant: WP Kearney Palms Senior Apartments Phase III, LP
Contact: Amelia Ross
Address: 310 N. Westlake Blvd., #210
Westlake Village, CA 91362
Phone: 805-379-8555 Fax: 805-379-8556
Email: aross@willowpartners.com

General partner(s) or principal owner(s): Central Valley Coalition for Affordable Housing
WP Kearney Court Phase III, LLC
General Partner Type: Joint Venture
Developer: Willow Partners, LLC
Investor/Consultant: City of Real Estate Advisors, Inc.
Management Agent: FPI Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 5
Total # of Units: 44
No. & % of Tax Credit Units: 43 100%
Federal Set-Aside Elected: 40%/60% Test
Federal Subsidy: Tax Exempt/HOME
Affordability Breakdown by % (Lowest Income Points):
50% AMI: 10 %

Bond Information

Issuer: California Statewide Communities Development Authority
Expected Date of Issuance: December 15, 2010
Credit Enhancement: N/A

Information

Set-Aside: N/A
 Housing Type: Seniors
 Geographic Area: Central Region
 TCAC Project Analyst: Velia Martinez

Unit Mix

36 1-Bedroom Units
 8 2-Bedroom Units

 44 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>
34 1 Bedroom	60%	60%	\$634
2 1 Bedroom	50%	50%	\$528
3 2 Bedrooms	50%	50%	\$633
4 2 Bedrooms	60%	55%	\$700
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$650

Project Financing

Estimated Total Project Cost: \$6,278,954 Construction Cost Per Square Foot: \$111
 Per Unit Cost: \$142,704

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citicorp Municipal Mortgage	\$3,600,000	CitiCorp Municipal Mortgage	\$2,375,000
City Real Estate Advisors	\$467,287	Net Operating Income before PLF	\$30,000
AHP (Federal Home Loan Bank)	\$660,000	AHP (Federal Home Loan Bank)	\$660,000
HOME Funds (County of Fresno)	\$600,000	HOME Funds (County of Fresno)	\$600,000
City of Kerman (Fee Waiver)	\$191,667	City of Kerman (Fee Waiver)	\$191,667
Deferred Developer Fee	\$760,000	Deferred Developer Fee	\$379,715
		Tax Credit Equity	\$2,042,572
		TOTAL	\$6,278,954

Determination of Credit Amount(s)

Requested Eligible Basis: \$5,939,451
 130% High Cost Adjustment: No
 Applicable Fraction: 100.00%
 Qualified Basis: \$5,939,451
 Applicable Rate: 3.40%
 Total Maximum Annual Federal Credit: \$201,941
 Total State Credit: \$771,982
 Approved Developer Fee (in Project Cost & Eligible Basis): \$765,000
 Investor/Consultant: City of Real Estate Advisors, Inc.
 Federal Tax Credit Factor: \$0.78210
 State Tax Credit Factor: \$0.60000

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:	\$5,939,451
Actual Eligible Basis:	\$5,939,451
Unadjusted Threshold Basis Limit:	\$7,689,908
Total Adjusted Threshold Basis Limit:	\$9,247,037

Adjustments to Basis Limit:

3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Projects exceeding Title 24 by at least 15%
- Projects using natural linoleum/ceramic tile/natural rubber for all kitchens and bathrooms where no VOC adhesives or backing is used
- Projects using CRI Green Label Plus Carpet or no carpet in all bedrooms

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: 11%

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. 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, City of Kerman, 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:

Federal Tax Credits/Annual
\$201,941

State Tax Credits/Total
\$771,981

Standard Conditions

The applicant must submit all documentation for any 180-day Readiness requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation.

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 reservation 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.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within 500 ft of regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within ¼ mile of public library	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Senior project within ¼ mile of daily operated senior center/facility	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	1	1	1
In-unit high speed internet service	3	3	3
Service Amenities	10	10	10
Health/wellness or skill-building classes, minimum instruction of 60 hrs/yr	5	5	5
Health services provided by appropriately-licensed org. or individual	5	5	5
Sustainable Building Methods	8	8	8
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
Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
Project has nonsmoking buildings or contiguous sections w/i a building	1	1	1
Lowest Income	52	5	5
Basic Targeting	50	5	5
Readiness to Proceed	20	20	20
Total Points	124	77	77

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.