

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2011 First Round
June 22, 2011

Project Number CA-2011-082

Project Name Cinnamon Villas
 Site Address: 335 Cinnamon Drive
 Lemoore, CA 93245 County: Kings
 Census Tract: 4.040

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$621,191	\$2,070,638
Recommended:	\$621,191	\$2,070,638

Applicant Information

Applicant: Lemoore Pacific Associates II, a California Limited Partnership
 Contact: Caleb Roope
 Address: 430 E. State Street, Suite 100
 Eagle, ID 83616
 Phone: 208.461.0022 Fax: 208.461.3267
 Email: calebr@tpchousing.com

General partner(s) or principal owner(s): Kings County Management and Development Corporation
 Roope, LLC
 General Partner Type: Joint Venture
 Developer: Pacific West Communities, Inc.
 Investor/Consultant: Boston Capital
 Management Agent: Buckingham Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 10
 Total # of Units: 80
 No. & % of Tax Credit Units: 78 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: CDBG / USDA Section 521 (39 units - 50%)
 Affordability Breakdown by % (Lowest Income Points):
 30% AMI: 10 %
 50% AMI: 35 %
 55% AMI: 40 %

Information

Set-Aside: Rural/RHS 515
 Housing Type: Seniors
 Geographic Area: N/A
 TCAC Project Analyst: Nicola Hil

Unit Mix

68 1-Bedroom Units
12 2-Bedroom Units
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80 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>
6 1 Bedroom	30%	30%	\$317
27 1 Bedroom	50%	60%	\$634
28 1 Bedroom	55%	60%	\$634
7 1 Bedroom	60%	60%	\$634
2 2 Bedrooms	30%	30%	\$380
4 2 Bedrooms	50%	55%	\$697
4 2 Bedrooms	55%	55%	\$697
2 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost:	\$12,730,167	Construction Cost Per Square Foot:	\$118
		Per Unit Cost:	\$159,127

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Boston Capital Finance - Cons. Loan	\$6,565,080	Boston Capital Finance - Perm. Loan	\$1,540,000
City of Lemoore - RDA	\$2,680,000	USDA 515 loan	\$1,000,000
City of Lemoore - CDBG	\$651,200	City of Lemoore - RDA	\$2,680,000
Lemoore Pacific Assoc. II - Def. Costs	\$117,094	City of Lemoore - CDBG	\$651,200
Deferred Developer Fee	\$1,400,000	Deferred Developer Fee	\$275,000
Tax Credit Equity	\$1,316,793	Tax Credit Equity	\$6,583,967
		TOTAL	\$12,730,167

Determination of Credit Amount(s)

Requested Eligible Basis:	\$6,902,127
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$6,902,127
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$621,191
Total State Credit:	\$2,070,638
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$0.85991
State Tax Credit Factor:	\$0.59994

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:	\$6,902,127
Actual Eligible Basis:	\$11,262,127
Unadjusted Threshold Basis Limit:	\$11,924,104
Total Adjusted Threshold Basis Limit:	\$14,058,809

Adjustments to Basis Limit:

Local Development Impact Fees
95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Seniors
Second:	60.016%

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, City of Lemoore, 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
\$621,191**

**State Tax Credits/Total
\$2,070,638**

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 180-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

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
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 ½ mile of public library	3	3	3
Within 1 mile of a neighborhood market of at least 5,000 sf	3	3	3
Within 1 mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, minimum 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: GreenPoint Rated Multifamily Guidel	5	5	5
Energy efficiency beyond CA Building Code Title 24 requirements: 17.5%	2	2	2
Develop project to requirements of: GreenPoint Rated Multifamily Guidel: 100	3	3	3
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
Miscellaneous Federal and State Policies	2	2	2
Total Points	148	148	148

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.