

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
December 12, 2012**

Project Number CA-12-906

Project Name Paseo Village Family Apartments
Site Address: 1115 N. Citron Street
Anaheim, CA 92801 County: Orange
Census Tract: 866.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$966,349	\$0
Recommended:	\$966,349	\$0

Applicant Information

Applicant: Paseo Village Housing Partners, L.P.
Contact: Frank Cardone
Address: 18201 Von Karman Ave. Suite 900
Irvine, CA 92612
Phone: (949) 660-7272 Fax: (949) 660-7273
Email: fcardone@related.com

General partner(s) or principal owner(s): Related/Paseo Village Development Co., LLC
OHDC Paseo Village, LLC
General Partner Type: Joint Venture
Developer: Related Development Company of California, LLC
Investor/Consultant: US Bank
Management Agent: Related Management Company

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 49
Total # of Units: 176
No. & % of Tax Credit Units: 174 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 18
Number of Units @ or below 60% of area median income: 156

Bond Information

Issuer: Anaheim Housing Authority
 Expected Date of Issuance: April 1, 2013
 Credit Enhancement: N/A

Information

Housing Type: Large Family
 Geographic Area: Orange County
 TCAC Project Analyst: Jack Waegell

Unit Mix

38 1-Bedroom Units
 84 2-Bedroom Units
 54 3-Bedroom Units

 176 Total Units

Unit Type & Number	2012 Rents Targeted % of Area Median Income	2012 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
34 1 Bedroom	60%	49%	\$878
74 2 Bedrooms	60%	49%	\$1,053
48 3 Bedrooms	60%	49%	\$1,218
4 1 Bedroom	50%	49%	\$878
9 2 Bedrooms	50%	49%	\$1,053
5 3 Bedrooms	50%	49%	\$1,218
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$31,226,712
 Estimated Residential Project Cost: \$31,226,712

Residential

Construction Cost Per Square Foot: \$48
 Per Unit Cost: \$177,425

Construction Financing

Source	Amount
Citi Community Capital-T.E. Bonds	\$20,501,782
Anaheim Housing Authority	\$6,030,000
Acquired Reserves	\$536,149
Income from Operations	\$770,820
Deferred Developer Fee	\$1,750,000
Tax Credit Equity	\$1,637,961

Permanent Financing

Source	Amount
Citi Community Capital-T.E. Bonds	\$12,970,000
Anaheim Housing Authority	\$6,030,000
Acquired Reserves	\$536,149
Income from Operations	\$770,820
Tax Credit Equity	\$10,919,743
TOTAL	\$31,226,712

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$10,506,104
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$16,543,490
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$13,657,935
Qualified Basis (Acquisition):	\$16,543,490
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$436,958
Maximum Annual Federal Credit, Acquisition:	\$529,391
Total Maximum Annual Federal Credit:	\$966,349
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	US Bank
Federal Tax Credit Factor:	\$1.13000

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:	\$27,049,593
Actual Eligible Basis:	\$27,049,593
Unadjusted Threshold Basis Limit:	\$41,059,948
Total Adjusted Threshold Basis Limit:	\$45,165,943

Adjustments to Basis Limit:

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 10%

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 3.20% 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: This project is the resyndication of an existing tax credit project, CA-96-062, South of Romneya.

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
\$966,349	\$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 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.

Additional Conditions: The applicant/owner is required to provide the tenants with the following service amenities 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 written notification to TCAC:

- After school program