

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 23, 2007

Project Number CA-2007-838

Project Name Paseo Del Rio
Address: 281, 283, 285 & 287 Myrtle Street
Oxnard, CA 93036 County: Ventura

Applicant Information

Applicant: Cabrillo Economic Development Corporation
Contact: Dan Hardy
Address: 702 County Square Drive
Ventura, CA 93003
Phone: (805) 672-2578 Fax: (805) 647-4419
Sponsors Type: Nonprofit

Bond Information

Issuer: California Municipal Finance Agency
Expected Date of Issuance: July 1, 2007
Credit Enhancement: N/A

Eligible Basis

Actual: \$23,421,570
Requested: \$23,421,570
Maximum Permitted: \$34,634,688

Extra Feature Adjustments:
Required to Pay Prevailing Wages: 20%
55-Year Use/Rent Restriction Adjustment: 120%

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,096,129	\$0
Recommended:	\$1,096,129	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: Yes
Total # of Units: 86
Total # Residential Buildings: 4

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 85 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 85
Number of Units @ or below 60% of area median income: 0

<u>Unit Type & Number</u>	<u>2007 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
13 One-Bedroom	20%/50%	\$302
12 One-Bedroom	50%	\$755
12 Two-Bedroom	30%/50%	\$543
20 Two-Bedroom	50%	\$906
7 Three-Bedroom	30%/50%	\$658
21 Three-Bedroom	50%	\$1,047
1 Three-Bedroom	Manager's Unit	\$0

The general partner or principal owner is Cabrillo Economic Development Corporation.

The project developer is Cabrillo Economic Development Corporation.

The management services will be provided by CEDC.

The market analysis was provided by Laurin Associates.

The Local Reviewing Agency has completed a site review of this project and strongly recommends it.

Project Financing

Estimated Total Project Cost: \$29,195,310 Per Unit Cost: \$339,480 Construction Cost Per Sq. Foot: \$174

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Wells Fargo Bank	\$16,949,198	CCRC	\$1,934,600
City of Oxnard	\$2,200,000	CCRC	\$222,372
Land Donation	\$4,825,819	HCD-MHP	\$7,298,384
NeighborWorks America	\$150,000	City of Oxnard	\$2,200,000
Costs Deferred	\$630,816	Land Donation	\$4,825,819
Deferred Developer Fee	\$140,222	NeighborWorks America	\$150,000
GP Equity	\$1,253,778	AHP	\$348,845
LP Equity	\$3,045,476	Deferred Developer Fee	\$140,222
		GP Equity	\$1,253,778
		Investor Equity	\$10,821,290
		TOTAL	\$29,195,310

Determination of Credit Amount(s)

Requested Eligible Basis:	\$23,421,570
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$30,448,041
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	\$1,096,129
Approved Developer Fee:	\$2,500,000
Tax Credit Factor:	\$0.98722

Applicant requests and staff recommends annual federal credits of \$1,096,129 based on a qualified basis of \$30,448,041 and a funding shortfall of \$10,821,290.

Cost Analysis and Line Item Review

The requested eligible basis \$23,421,570 is below TCAC's adjusted threshold basis limit \$34,634,688. The basis limit includes the adjustment for extraordinary features for the 120% adjustment for the 55-year use/affordability restriction for projects that have more than 50% tax-credit units and projects that are required to pay state or federal prevailing wages. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitation.

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 3.60% 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 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.

Recommendation: Staff recommends that the Committee make a reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal/Annual	State/Total
\$1,096,129	\$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.

TCAC makes the 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 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 anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

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 credits 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 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.

Project Analyst: Elaine Johnson