

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2007 First Round Cycle
Tax-Exempt Bond Project with State Credits
June 6, 2007

Project Number CA-2007-828

Project Name Fresno Portfolio (Riverwood, Ruby Court, Leebar Village, Huntlee House)

Site Address: Riverwood 21424 South Marks Avenue Riverdale, CA 93656 County: Fresno Census Tract: 77.00

Ruby Court 1391 East Sumner Avenue Fowler, CA 93625 County: Fresno Census Tract: 16.00

Leebar Village 2026 Barbara Street Selma, CA 93662 County: Fresno Census Tract: 70.03

Huntlee House 2543 Nelson Boulevard Selma, CA 93662 County: Fresno Census Tract: 70.03

Applicant Information

Applicant: Fresno 2007 Community Partners, L.P.
 Contact: Karen Buckland
 Address: 17782 Sky Park Circle
 Irvine, CA 92614
 Phone: (714) 662-5565 Fax: (714) 662-6834
 Sponsors Type: Joint Venture

Information

Housing Type: At-Risk

Bond Information

Issuer: California Statewide Community Development Authority
 Expected Date of Issuance: August 30, 2007
 Credit Enhancement: N/A

Eligible Basis

Actual: \$10,403,024
 Requested: \$10,403,024
 Maximum Permitted: \$42,140,468

Extra Feature Adjustments:
 55-Year Use/Rent Restriction Adjustment: 120%

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$374,509	\$1,352,393
Recommended:	\$374,509	\$1,352,393

Project Information

Construction Type: Acquisition and Rehabilitation
 Federal Subsidy: Tax-Exempt/USDA
 HCD MHP Funding: No
 Total # of Units: 172
 Total # Residential Buildings: 25

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
 % & No. of Targeted Units: 100% - 168 units
 55-Year Use/Affordability Restriction: Yes
 Breakdown by %: 25% @ 50%
 Number of Units @ or below 50% of area median income: 47
 Number of Units @ or below 60% of area median income: 121

Selection Criteria	Max. Possible Points	Requested Points	Points Awarded
<i>Owner / Management Characteristics</i> Maximum of 9 points	9	8	6
<input checked="" type="checkbox"/> General Partner Experience	6	5	3
<input checked="" type="checkbox"/> Management Experience	3	3	3
<i>Housing Needs</i> Maximum of 10 points	10	10	10
<i>Site Amenities</i> Maximum of 15 points	15	0	0
<i>Service Amenities</i> Maximum of 10 points	10	0	0
<i>Sustainable Building Methods</i> Maximum of 8 points	8	0	0
<i>Lowest Income</i> Maximum of 52 points	52	12.5	12.5
<input checked="" type="checkbox"/> Basic Targeting	50	12.5	12.5
<i>Readiness to Proceed</i> Maximum of 20 points	20	20	20
Total Points	124	50.5	48.5

<u>Unit Type & Number</u>	<u>2007 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
14 One-Bedroom (LV)	50%	\$476
29 One-Bedroom (LV)	60%	\$562
4 One-Bedroom (HH)	50%	\$476
8 Two-Bedroom (HH)	50%	\$515
1 Three-Bedroom (HH)	50%	\$577
6 One-Bedroom (HH)	60%	\$489
21 Two-Bedroom (HH)	60%	\$515
1 Three-Bedroom (HH)	60%	\$577
3 One-Bedroom (R)	50%	\$476
6 Two-Bedroom (R)	50%	\$571
1 Three-Bedroom (R)	50%	\$654
7 One-Bedroom (R)	60%	\$530
21 Two-Bedroom (R)	60%	\$594
3 Three-Bedroom (R)	60%	\$654
10 One-Bedroom (RC)	50%	\$476
33 One-Bedroom (RC)	60%	\$560
2 One-Bedroom (LV & RC)	Manager's Units	\$0
2 Two-Bedroom (HH & R)	Manager's Units	\$0

The general partners or principal owners are Fresno 2007 Partners, LLC and Riverside Charitable Corporation.

The project developer is WNC CPP, LLC.

The management services will be provided by Valley Fair Realty.

The market analysis was provided by Novogradac & Company.

The Local Reviewing Agency, the Housing Authority of the City and County of Fresno, has completed a site review of this project and supports this project.

Project Financing

Estimated Total Project Cost: \$12,154,652 Per Unit Cost: \$70,667 Construction Cost Per Sq. Foot: \$37

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citigroup	\$5,770,000	Citigroup	\$1,850,000
USDA	\$5,657,005	USDA	\$5,657,005
Deferred Developer Fee	\$285,252	Deferred Developer Fee	\$40,543
Investor Equity	\$442,396	Investor Equity	\$4,607,104
		TOTAL	\$12,154,652

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	\$4,549,274
Requested Acquisition Eligible Basis:	\$5,853,750
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	\$4,549,274
Qualified Acquisition Basis:	\$5,853,750
Applicable Rate:	3.60%
Maximum Annual Federal Rehabilitation Credit:	\$163,774
Maximum Annual Federal Acquisition Credit:	\$210,735
Total Maximum Annual Federal Credit:	\$374,509
State Credit Applicable Rate:	13%
Total State Credit:	\$1,352,393
Approved Developer Fee:	\$872,133
Tax Credit Factor:	\$0.9038

Applicant requests and staff recommends annual federal credits of \$374,509, and total state credits of \$1,352,393, based on a qualified basis of \$10,403,024, and a funding shortfall of \$4,607,104.

Cost Analysis and Line Item Review

The requested eligible basis \$10,403,024 is below TCAC's adjusted threshold basis limit \$42,140,468. 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. 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
\$374,509	\$1,352,393

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

Applicants that received 20 points for readiness to proceed must meet ALL of the following requirements. The applicant must be ready to begin construction within 150 days of the Credit Reservation which is November 2, 2007, as evidenced by submission, within that time of, recorded deeds of trust for all construction financing, payment of all construction lender fees, issuance of building permits and notice to proceed delivered to the contractor. Failure to meet this timeline will result in rescission of the Credit Reservation.