

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
2009 Single Round
September 10, 2009**

Project Number CA-2009-152
Project Name East Street Senior Apartments
Site Address: 1225 South Street
Redding, CA 96001 **County:** Shasta
Census Tract: 101.0

Applicant Information

Applicant: LINC Housing Corporation
Contact: Suny Lay Chang
Address: 110 Pine Avenue, Suite 500
Long Beach, CA 90802
Phone: (562) 684-1108 **Fax:** (562) 684-1137
Email: schang@linchousing.org
General Partner Type: Nonprofit

Information

Set-Aside: N/A
Housing Type: Seniors
Geographic Area: Capital/Northern Region

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$460,886	\$0
Recommended:	\$460,886	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: None
Total # of Units: 21
Total # Residential Buildings: 1
Federal Set-Aside Elected: 40%/60%
% & No. of Tax Credit Units: 100% - 20 units

Eligible Basis

Requested: \$3,939,195
Actual: \$4,397,932
Maximum Permitted: \$3,939,195

Adjustments to Threshold Basis Limit:

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

- Projects using natural linoleum/ceramic tile/natural rubber for all kitchens and bathrooms where no VOC adhesives or backing is used
- Projects installing bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all living rooms or 50% or all common areas
- Projects using CRI Green Label Plus Carpet or no carpet in all bedrooms

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Selection Criteria	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency/Credit Reduction/Public Funds Maximum 20 points	20	20	20
<input checked="" type="checkbox"/> Public Funds	20	20	20
Owner / Management Characteristics Maximum 9 points	9	9	9
<input checked="" type="checkbox"/> General Partner Experience	6	6	6
<input checked="" type="checkbox"/> Management Experience	3	3	3
Housing Needs Maximum 10 points	10	10	10
Site Amenities Maximum 15 points	15	15	15
<input type="checkbox"/> Within ¼ mile of transit stop with service every 30 minutes during rush hours	6	6	0
<input checked="" type="checkbox"/> Within 1500 feet of a regular bus stop or rapid transit system stop	3	0	3
<input checked="" type="checkbox"/> Within ½ mile of public park or community center open to general public	2	2	2
<input checked="" type="checkbox"/> Within ½ mile of public library	2	2	2
<input checked="" type="checkbox"/> Within ½ mile of a full-scale grocery store with staples, fresh meat and fresh produce	3	3	3
<input checked="" type="checkbox"/> Within ½ mile of medical clinic or hospital	3	3	3
<input checked="" type="checkbox"/> Within ¼ mile of a pharmacy	2	2	2
Service Amenities Maximum 10 points	10	10	10
<input checked="" type="checkbox"/> High speed internet service provided in each unit	5	5	5
<input checked="" type="checkbox"/> Bona fide Service Coordinator/Social Worker	5	5	5
Sustainable Building Methods Maximum 8 points	8	8	8
<input checked="" type="checkbox"/> Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
<input checked="" type="checkbox"/> Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
<input checked="" type="checkbox"/> Formaldehyde free cabinets, countertops and shelving	1	1	1
<input checked="" type="checkbox"/> CRI Green-label, low-VOC carpet and pad	1	1	1
<input checked="" type="checkbox"/> Formaldehyde-free insulation	1	1	1
<input checked="" type="checkbox"/> Recycled materials incorporated into: concrete, carpet, road base or landscape	1	1	1
<input checked="" type="checkbox"/> Project has nonsmoking buildings or contiguous sections within a building	1	1	1
Lowest Income Maximum 52 points	52	52	52
<input checked="" type="checkbox"/> Basic Targeting	50	50	50
<input checked="" type="checkbox"/> Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed Maximum 20 points	20	20	20
State Credit Substitution Maximum 2 points	2	2	2
Total Points	146	146	146

Tie-Breaker Information

First: Housing Type **Senior**
Second: Calculated Ratio per Regulation 10325(c)(10) **27.634%**

<u>Unit Type & Number</u>	<u>2009 Rents % of Area Median Income (rounded)</u>	<u>Proposed Rent (including utilities)</u>
2 One-bedroom Units	30%	\$313
2 One-bedroom Units	40%	\$418
10 One-bedroom Units	50%	\$523
2 One-bedroom Units	55%	\$570
1 Two-bedroom Unit	30%	\$376
1 Two-bedroom Unit	40%	\$502
1 Two-bedroom Unit	50%	\$627
1 Two-bedroom Unit	54%	\$673
1 Two-bedroom Unit	Manager's Unit	\$0

The general partner or principal owner is LINC Housing Corporation.

The project developer is LINC Housing Corporation.

The management agent is Pacific West Management.

The market analyst is Prior & Associates.

The Local Reviewing Agency, the Redding Redevelopment Agency, has completed a site review of this project and strongly supports this project.

Project Financing

Estimated Total Project Cost: \$5,448,296 Per Unit Cost: \$259,443 Construction Cost Per Sq. Foot: \$217

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Clearinghouse CDFI	\$2,600,000	City of Redding	\$1,150,000
City of Redding	\$1,150,000	FHLB AHP	\$100,000
FHLB AHP	\$100,000	GP Equity	\$300,000
GP Equity	\$250,000	Deferred Developer Fee	\$211,209
Deferred Developer Fee	\$591,856	Investor Equity	\$3,687,087
Investor Equity	\$756,440		
		TOTAL	\$5,448,296

Determination of Credit Amount(s)

Requested Eligible Basis:	\$3,939,195
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$5,120,954
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$460,886
Approved Developer Fee (in Project Cost & Eligible Basis):	\$570,856
Investor Consultant:	Veloce Partners, Inc.
Federal Tax Credit Factor:	\$0.80

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. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information: Adequate laundry facilities must be available on project premises, with no fewer than one washer/dryer per 15 units upon completion of the project prior to the issuance of federal tax forms.

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.

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
\$460,886	\$0

Standard Conditions

An application for a carryover allocation must be submitted by **November 20, 2009**, as required by regulation sections 10328(d) and 10323(d)(2), together with the applicable allocation fee and all required documentation. The time for meeting the "10%" test and submitting related documentation will be no later than twelve (12) months after the date of the executed carryover allocation (as defined by IRC Section 42 and IRS Notices). The applicant must ensure the project meets all Additional Threshold Requirements for the housing type of the proposed project.

The applicant must submit all documentation required for a Final Reservation no later than February 1 of the year that the building(s) must be placed in service pursuant to Section 42(h)(1)(E)(i) of the Internal Revenue Code of 1986, as amended. The applicant shall provide the Committee a Final Reservation application providing the documentation for the project set forth in Section 10322(i)(1) of these regulations. 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. The performance deposit and allocation fees must be paid by cashier's check within the time periods specified in the preliminary reservation. The allocation fee must be paid within a time period specified in the preliminary reservation letter. The allocation fee will be due prior to execution of a carryover allocation or issuance of tax forms, whichever comes first. 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.

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)(P) at project completion.

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 **February 8, 2010**, 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.

Project Analyst: Gina Ferguson