

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
September 23, 2009

Project Number CA-2009-834

Project Name Loma Linda Commons
Address: 10799 Poplar Street
Loma Linda, CA 92354 County: San Bernardino

Applicant Information

Applicant: 10799 Poplar St., L.P., a California L.P.
Contact Gwendy Silver Egnater
Address: 15303 Ventura Blvd., Suite 1100
Sherman Oaks, CA 91403
Phone: (818) 905-2430 **Fax:** (818) 905-2440
Email: gwendy@corpoffices.org
Sponsors Type: Nonprofit

Information

Housing Type: Large Family

Bond Information

Issuer: City of Loma Linda
Expected Date of Issuance: November 2009
Credit Enhancement: N/A

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,025,193	\$0
Recommended:	\$1,025,193	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt/HOME
HCD MHP Funding: No
Total # of Units: 120
Total # Residential Buildings: 5
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 118 units
55-Year Use/Affordability Restriction: Yes

Eligible Basis

Actual: \$22,533,964
Requested: \$22,533,964
Maximum Permitted: \$47,044,973

Adjustments to Threshold Basis Limit:

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units that are Income Targeted Between 50% AMI & 36% AMI: 61%

<u>Unit Type & Number</u>	<u>2009 Rents % of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
36 Two-bedroom Units	50%	\$748
24 Two-bedroom Units	60%	\$897
36 Three-bedroom Units	49%	\$832
22 Three-bedroom Units	58%	\$999
2 Three-bedroom Units	Manager's Unit	\$958

The general partner or principal owner is Corporation for Better Housing.

The project developer is Corporation for Better Housing.

The management services will be provided by Beacon Property Management

The market analysis was provided by Novogradac & Company, LLP.

The Local Reviewing Agency, the City of Loma Linda, has completed a site review of this project and strongly supports this project.

Project Financing

Estimated Total Project Cost: \$23,503,820 Per Unit Cost: \$195,865 Construction Cost Per Sq. Foot: \$139

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Alliant Mortgage Company, LLC	\$15,000,000	Alliant Capital, LLC	\$7,425,800
City of Loma Linda, RDA	\$3,648,840	San Bernadino County, HOME	\$2,000,000
FHLBSF, AHP	\$1,000,000	City of Loma Linda, RDA	\$3,648,840
Investor Equity	\$2,559,085	FHLBSF, AHP	\$1,000,000
		Deferred Developer Fee	\$715,041
		Investor Equity	\$8,714,139
		TOTAL	\$23,503,820

Determination of Credit Amount(s)

Requested Eligible Basis:	\$22,533,964
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$29,294,153
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$1,025,193
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor:	Alliant Capital
Federal Tax Credit Factor:	\$0.85

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 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 3.50% 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: None

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 Tax Credits/Annual	State Tax Credits/Total
\$1,025,193	\$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 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 after school programs and educational classes 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.

Project Analyst: Velia Martinez