

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

Project Number CA-2009-853

Project Name Rodeo Drive Meadows
Address: West Side of Rodeo Drive, North of Pebble Beach Drive
Victorville, CA 92395 County: San Bernardino

Applicant Information

Applicant: Victorville Pacific Associates, a California Limited Partnership
Contact Caleb Roope
Address: 430 East State Street, Suite 100
Eagle, ID 83616
Phone: (208) 461-0022 **Fax:** (208) 461-3267
Email: calebr@tpchousing.com
Sponsors Type: Joint Venture

Information

Housing Type: Large Family

Bond Information

Issuer: California Municipal Finance Agency
Expected Date of Issuance: December 24, 2009
Credit Enhancement: N/A

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$403,524	\$0
Recommended:	\$403,524	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 48
Total # Residential Buildings: 6
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% – 47 units
55-Year Use/Affordability Restriction: Yes

Eligible Basis

Actual: \$9,265,771
Requested: \$9,265,771
Maximum Permitted: \$13,781,920

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: 11%

<u>Unit Type & Number</u>	<u>2009 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 Two-bedroom Units	50%	\$748
14 Two-bedroom Units	55%	\$812
2 Three-bedroom Units	50%	\$865
21 Three-bedroom Units	52%	\$887
1 Four-bedroom Unit	50%	\$966
7 Four-bedroom Units	58%	\$1,105
1 Three-bedroom Unit	Manager's Unit	\$0

The general partners or principal owners are Roope, LLC and Central Valley Coalition for Affordable Housing.

The project developer is Pacific West Communities, Inc.

The management services will be provided by Brackenhoff Property Management.

The market analysis was provided by Prior & Associates.

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.

Project Financing

Estimated Total Project Cost: \$10,711,740 Per Unit Cost: \$223,161 Construction Cost Per Sq. Foot: \$109

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank – Tax Exempt Bonds	\$8,000,000	Citibank – Tax Exempt Bonds	\$2,900,000
City of Victorville RDA	\$642,200	City of Victorville RDA	\$3,893,000
Deferred Fees & Cost	\$1,403,792	Deferred Developer Fee	\$590,000
Investor Equity	\$665,748	Investor Equity	\$3,328,740
		TOTAL	\$10,711,740

Determination of Credit Amount(s)

Requested Eligible Basis:	\$9,265,771
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$12,045,502
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$403,524
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,208,579
Investor:	Alliant
Federal Tax Credit Factor:	\$0.82492

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
\$403,524	\$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: None.

Project Analyst: Jack Waegell