

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 22, 2009

Project Number CA-2009-841

Project Name Azahar Place
Address: Citrus Drive and Peach Avenue
Ventura, CA 93004 County: Ventura

Applicant Information

Applicant: Cabrillo Economic Development Corporation
Contact Karen Flock
Address: 702 County Square Drive
Ventura, CA 93003
Phone: (805) 672-2576 Fax: (805) 659-3195
Email: kflock@cabrilloedc.org
Sponsors Type: Nonprofit

Information

Housing Type: Large Family

Bond Information

Issuer: California Municipal Finance Authority
Expected Date of Issuance: 12/15/2009
Credit Enhancement: None

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,109,629	\$0
Recommended:	\$1,109,629	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt/USDA RHS 514
HCD MHP Funding: Yes
Total # of Units: 60
Total # Residential Buildings: 18
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 59 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 23
Number of Units @ or below 60% of area median income: 36

Eligible Basis

Actual: \$24,387,444
Requested: \$24,387,444
Maximum Permitted: \$35,579,316

Adjustments to Threshold Basis Limit:

Required to Pay Prevailing Wages

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units that are Income Targeted at 35% AMI or Below: 38%

Unit Type & Number	2009 Rents Targeted % of Area Median Income	2009 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
1 One-bedroom Unit	30%	29%	\$472
1 One-bedroom Unit	35%	34%	\$554
3 One-bedroom Units	60%	59%	\$964
5 Two-bedroom Units	30%	29%	\$571
2 Two-bedroom Units	35%	34%	\$670
7 Two-bedroom Units	60%	59%	\$1,162
10 Three-bedroom Units	30%	30%	\$682
2 Three-bedroom Units	35%	35%	\$796
23 Three-bedroom Units	60%	58%	\$1,312
2 Four-bedroom Units	30%	30%	\$761
3 Four-bedroom Units	60%	56%	\$1,417
1 Three-bedroom Unit		Manager's Unit	\$0

The general partner(s) or principal owner(s) are Cabrillo Economic Development Corporation.

The project developer is Cabrillo Economic Development Corporation.

The management services will be provided by Cabrillo Economic Development Corporation.

The market analysis was provided by Laurin Associates.

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

Project Financing

Estimated Total Project Cost: \$28,834,469 Per Unit Cost: \$480,574 Construction Cost Per Sq. Foot: \$270

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo Bank	\$15,156,000	CCRC	\$1,089,000
City of Ventura	\$2,500,000	USDA RD Section 514	\$3,000,000
Joe Serna Farmworker Housing Pro.	\$3,369,000	HCD MHP	\$4,600,000
GP Loan	\$300,000	City of Ventura	\$3,000,000
AHP	\$600,000	Joe Serna Farmworker Housing	\$3,369,000
Costs deferred until completion	\$653,828	GP Loan	\$300,000
Deferred local impact fee loan	\$1,330,503	AHP	\$600,000
GP Capital	\$100	Deferred local impact fees	\$1,330,503
LP Capital	\$1,922,172	GP Capital	\$100
Deferred Developer Fee	\$1,610,745	Deferred Developer Fee	\$1,610,745
TCAC ARRA Award	\$1,331,121	TCAC ARRA Award	\$1,331,121
		Investor Equity	\$8,543,000
		TOTAL	\$28,773,469

Determination of Credit Amount(s)

Requested Eligible Basis:	\$24,387,444
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$31,703,677
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$35,579,316
Approved Developer Fee in Project Cost	\$2,549,000
Approved Developer Fee in Eligible Basis:	\$1,842,100
Consultant:	CA Housing Partnership Corp
Federal Tax Credit Factor:	\$0.775395

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
\$1,109,629	\$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: Benjamin Schwartz