

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

Project Number CA-2009-857

Project Name Placer West Apartments
Address: 6055 Placer West Drive
Rocklin, CA 95677 County: Placer

Applicant Information

Applicant: Placer West Housing Partners, LP
Contact Stephen R. Whyte
Address: 1700 Seventh Avenue, Suite 2075
Seattle, WA 98101
Phone: (206) 621-7420 Fax: (206) 621-7420
Email: srw@housingadvisors.com
Sponsors Type: Joint Venture

Information

Housing Type: At-Risk

Bond Information

Issuer: CSCDA
Expected Date of Issuance: 12/28/09
Credit Enhancement: N/A

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$150,210	\$0
Recommended:	\$150,210	\$0

Project Information

Construction Type: Acquisition and Rehabilitation
Federal Subsidy: Tax-Exempt/RHS 515, 521
HCD MHP Funding: No
Total # of Units: 44
Total # Residential Buildings: 6
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 43 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 5
Number of Units @ or below 60% of area median income: 38

Eligible Basis

Actual: \$4,291,722
Requested: \$4,291,722
Maximum Permitted: \$9,849,074

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: 5%

<u>Unit Type & Number</u>	<u>2009 Rents Targeted % of Area Median Income</u>	<u>2009 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
25 One-bedroom Unit	60%	56.67%	\$773
3 One-bedroom Unit	50%	50%	\$682
10 Two-bedroom Units	60%	50.79%	\$831
1 Two-bedroom Units	50%	50%	\$818
3 Three-bedroom Units	60%	52.22%	\$988
1 Three-bedroom Units	50%	50%	\$946
1 Two-bedroom Unit	Manager's Unit	Manager's Unit	\$0

The general partner(s) or principal owner(s) are Placer West Housing Management, LLC and Hearthstone Housing Foundation.

The project developer is Allied Pacific Development, LLC.

The management services will be provided by Hyder Property Management.

The market analysis was provided by Lea & Company.

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: \$5,083,777 Per Unit Cost: \$115,540 Construction Cost Per Sq. Foot: \$24

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Bonneville Multifamily	\$2,600,000	Bonneville Multifamily	\$2,600,000
USDA RD 515 Loan	\$826,652	USDA RD 515 Loan	\$826,652
City of Rocklin	\$400,000	City of Rocklin	\$400,000
Deferred Developer Fee	\$355,866	Deferred Developer Fee	\$55,447
Investor Equity	\$901,259	Investor Equity	\$1,201,678
		TOTAL	\$5,083,777

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	\$1,232,722
Requested Acquisition Eligible Basis:	\$3,059,000
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	\$1,232,722
Qualified Acquisition Basis:	\$3,059,000
Applicable Rate:	3.50%
Maximum Annual Federal Rehabilitation Credit:	\$43,145
Maximum Annual Federal Acquisition Credit:	\$107,065
Total Maximum Annual Federal Credit:	\$150,210
Approved Developer Fee (in Project Cost & Eligible Basis):	\$559,790
Investor:	WNC
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 limitation. Annual operating expenses meet 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
\$150,210	\$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: Elaine Johnson