

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**March 24, 2010**

**Project Number** CA-2010-803

**Project Name** Parkside Terrace Apartments  
**Address:** Located on the NE and SE Corners of Bedford & Hartford Drives  
Chico, CA 95973 County: Butte

**Applicant Information**

**Applicant:** Chico Parkside Terrace, L.P.  
**Contact** Laurie Schmidt  
**Address:** 3128 Willow Avenue, Suite 101  
Clovis, CA 93612  
**Phone:** (559) 292-9212 **Fax:** (559) 292-3376  
**Email:** lschmidt@ahdcinc.com  
**Sponsors Type:** Joint Venture

**Information**

**Housing Type:** Large Family

**Bond Information**

**Issuer:** CSCDA  
**Expected Date of Issuance:** 4/1/2010  
**Credit Enhancement:** Yes

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$500,641	\$0
Recommended:	\$500,641	\$0

**Project Information**

**Construction Type:** New Construction  
**Federal Subsidy:** Tax-Exempt/RDA  
**HCD MHP Funding:** No  
**Total # of Units:** 90  
**Total # Residential Buildings:** 16  
**Federal Setaside Elected:** 40%/60%  
**% & No. of Targeted Units:** 100% - 89 units  
**55-Year Use/Affordability Restriction:** Yes  
**Number of Units @ or below 50% of area median income:** 40  
**Number of Units @ or below 60% of area median income:** 49

**Eligible Basis**

**Actual:** \$14,989,263  
**Requested:** \$14,989,263  
**Maximum Permitted:** \$38,225,804

**Adjustments to Threshold Basis Limit:**

- Exceed Title 24 Standards by at Least 35%
- Local Development Impact Fees
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units that are Income Targeted Between 50% AMI & 36% AMI: 40%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units that are Income Targeted at 35% AMI or Below: 9%
- 3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features
  - Projects exceeding Title 24 by at least 15%
  - Projects using tank less water heaters, a high efficiency condensing boiler (92% AFUE or greater), or a solar thermal domestic hot water pre-heating system
  - Projects using vent kitchen range hoods to the exterior of the building in at least 80% of the units

<u>Unit Type &amp; Number</u>	<u>2010 Rents Targeted % of Area Median Income</u>	<u>2010 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
6 One-bedroom Unit	30%	29.92%	\$313
3 Two-bedroom Unit	30%	29.98%	\$376
22 Two-bedroom Units	50%	50%	\$627
24 Two-bedroom Units	60%	60.05%	\$753
13 Three-bedroom Units	50%	50%	\$725
12 Three-bedroom Units	60%	60%	\$870
5 Four-bedroom Units	50%	50%	\$808
4 Four-bedroom Units	60%	60.02%	\$970
1 Two-bedroom Units	Manager's Unit	Manager's Unit	\$0

The general partner(s) or principal owner(s) are Chico Parkside Terrace, LLC and Central Valley Coalition for Affordable Housing.

The project developer is CCHC, Inc.

The management services will be provided by Winn Residential.

The market analysis was provided by M.E.Shay and Co.

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.

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

**Project Financing**

Estimated Total Project Cost: \$18,131,794 Per Unit Cost: \$201,464 Construction Cost Per Sq. Foot: \$100

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
Wells Fargo Bank	\$10,003,940	Wells Fargo Bank	\$3,602,226
City of Chico RDA	\$5,184,495	City of Chico RDA	\$10,106,000
Deferred Developer Fee	\$1,700,000	Deferred Developer Fee	\$468,501
Investor Equity	\$1,243,359	Investor Equity	\$3,955,067
		<b>TOTAL</b>	<b>\$18,131,794</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$14,989,263
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Basis:	\$14,989,263
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$500,641
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,955,121
Investor:	Wachovia
Federal Tax Credit Factor:	\$0.79

**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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
\$500,641	\$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:** Elaine Johnson