

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2010 First Round**  
**June 9, 2010**

**Project Number** CA-2010-007

**Project Name** Kings Beach Housing Now  
 Site Address: 200 Chipmunk Street  
 325, 348, 385 Deer Street  
 265 Fox Street  
 Trout Avenue between Bear and Coon Streets  
 Brook Street between Fox and Chipmunk Streets  
 Kings Beach, CA 96143 County: Placer

Census Tract: 201.070

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,292,167	\$0
Recommended:	\$2,292,167	\$0

**Applicant Information**

Applicant: Kings Beach Housing Associates, LP  
 and Housing Corporation of America

Contact: Meea Kang  
 Address: 594 Howard Street, Suite 204  
 San Francisco CA 94105

Phone: (415) 856-0010 Fax: (415) 856-0264  
 Email: meea@domusd.com

General partner(s) or principal owner(s): Kings Beach Housing Associates, LP  
 Housing Corporation of America

General Partner Type: Joint Venture  
 Developer: Domus Development, LLC  
 Investor/Consultant: Alliant Capital  
 Management Agent: Domus Management Company

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 9  
 Total # of Units: 77  
 No. & % of Tax Credit Units: 75 100%  
 Federal Set-Aside Elected: 40%/60% Test  
 Federal Subsidy: HOME  
 Affordability Breakdown by % (Lowest Income Points):  
 30% AMI: 20 %  
 40% AMI: 10 %  
 50% AMI (Rural): 40 %

**Information**

Set-Aside: Rural  
 Housing Type: Large Family  
 Geographic Area: N/A  
 TCAC Project Analyst: DC Navarrette

**Unit Mix**

6 SRO/Studio Units  
 34 1-Bedroom Units  
 2 2-Bedroom Units  
35 3-Bedroom Units  
 77 Total Units

<u>Unit Type &amp; 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>
2 SRO/Studio	30%	30%	\$382
2 SRO/Studio	40%	40%	\$509
2 SRO/Studio	50%	50%	\$637
6 1 Bedroom	30%	30%	\$409
3 1 Bedroom	40%	40%	\$546
14 1 Bedroom	50%	50%	\$682
11 1 Bedroom	60%	60%	\$819
1 2 Bedrooms	30%	30%	\$491
1 2 Bedrooms	40%	40%	\$655
6 3 Bedrooms	30%	30%	\$567
2 3 Bedrooms	40%	40%	\$757
15 3 Bedrooms	50%	50%	\$946
10 3 Bedrooms	60%	60%	\$1,135
2 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$32,252,983 Construction Cost Per Square Foot: \$193  
 Per Unit Cost: \$418,870

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo	\$14,700,000	Alliant Capital Permanent Loan	\$1,995,900
HOME	\$2,000,000	HOME	\$2,000,000
Placer County RDA - Seller Carry Back	\$4,650,400	Placer County RDA - Seller Carry Back	\$4,650,400
Placer County RDA - Predevelopment	\$1,136,500	Placer County RDA - Predevelopment	\$1,136,500
Placer County RDA - Loan	\$704,124	Placer County RDA - Loan	\$2,131,400
HCD Infill Infrastructure Grant	\$3,314,400	HCD Infill Infrastructure Grant	\$3,314,400
Placer County Fee Waivers	\$75,000	Placer County Fee Waivers	\$75,000
Deferred Developer Costs	\$918,007	GP Equity	\$1,627
Deferred Developer Fee	\$1,500,000	Deferred Developer Fee	\$675,000
Tax Credit Equity	\$3,254,552	Tax Credit Equity	\$16,272,756
		<b>TOTAL</b>	<b>\$32,252,983</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis: \$19,591,169  
 130% High Cost Adjustment: Yes  
 Applicable Fraction: 100.00%  
 Qualified Basis: \$25,468,520  
 Applicable Rate: 9.00%  
 Maximum Annual Federal Credit: \$2,292,167  
 Approved Developer Fee in Project Cost \$2,000,000  
 Approved Developer Fee in Eligible Basis: \$1,400,000  
 Investor/Consultant: Alliant Capital  
 Federal Tax Credit Factor: \$0.70993

Per Regulation Section 10322(i)(4)(A), The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis: \$19,591,169  
 Actual Eligible Basis: \$24,528,855  
 Unadjusted Threshold Basis Limit: \$14,718,064  
 Total Adjusted Threshold Basis Limit: \$19,681,505

**Adjustments to Basis Limit:**

Required to Pay Prevailing Wages  
 3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Projects exceeding Title 24 by at least 15%
- Projects using CRI Green Label Plus Carpet or no carpet in all bedrooms
- Projects using vent kitchen range hoods to the exterior of the building in at least 80% of the units

Local Development Impact Fees

**Tie-Breaker Information**

First: **Large Family**  
Second: **80.518%**

**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 limitations. 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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

**Special Issues/Other Significant Information:** The construction overhead in the project costs are 14.36% which exceed the TCAC maximum of 14%. The applicant is advised this must be within TCAC limits at placed in service.

**Legal Status:** Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

**Local Reviewing Agency:**

The Local Reviewing Agency, Placer County, has completed a site review of this project and strongly supports this project.

**Recommendation:** Staff recommends that the Committee make a preliminary 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>
<b>\$2,292,167</b>	<b>\$0</b>

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

TCAC makes the preliminary 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 as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and 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 preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

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 credit 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

**Additional Conditions:** None

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Public Funds	20	41	20
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities: 200 Chipmunk Street</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1,500 feet of a regular bus stop or rapid transit system stop	3	3	3
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within 3 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Large Family proj. w/i 1 mile of public school project children may attend	2	2	2
Within 1 mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	1	1	1
<b>Site Amenities: 325, 348, 385 Deer Street</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1,500 feet of a regular bus stop or rapid transit system stop	3	3	3
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Large Family proj. w/i ½ mile of public school project children may attend	3	3	3
Within 1 mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
<b>Site Amenities: 265 Fox Street</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1,500 feet of a regular bus stop or rapid transit system stop	3	3	3
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within 3 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Large Family proj. w/i 1 mile of public school project children may attend	2	2	2
Within 1 mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
<b>Site Amenities: Trout Avenue</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1,500 feet of a regular bus stop or rapid transit system stop	3	3	3
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within 3 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Large Family proj. w/i ½ mile of public school project children may attend	3	3	3
Within 1 mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
<b>Site Amenities: Brook Avenue</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1,500 feet of a regular bus stop or rapid transit system stop	3	3	3
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	0
Within 1 mile of public library	2	0	2
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Large Family proj. w/i ½ mile of public school project children may attend	3	3	0
Large Family proj. w/i 1 mile of public school project children may attend	2	0	2
Within 1 mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	0
Within 1 mile of a pharmacy	1	0	1
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
Health/wellness or skill-building classes, minimum instruction of 120 hrs/yr	10	10	10

<b>Sustainable Building Methods</b>	<b>8</b>	<b>8</b>	<b>8</b>
New construction/adaptive reuse energy efficiency 10% above Title 24	4	4	4
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
Rainwater retention at ½ inch rainfall per 24-hour period	1	1	1
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>State Credit Substitution</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Points</b>	<b>146</b>	<b>146</b>	<b>146</b>

**Please Note:** If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**