

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

Project Number CA-2010-024

Project Name Goshen Village II
Site Address: East side of Road 72 between Avenues 312 and 310
Goshen, CA 93291 County: Tulare
Census Tract: 9.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$541,668	\$1,805,560
Recommended:	\$541,668	\$1,805,560

Applicant Information

Applicant: Self Help Enterprises
Contact: Doug Pingel
Address: 8445 West Elowin Court
Visalia CA 93291
Phone: (559) 802-1651 **Fax:** (559) 651-3634
Email: dougp@selfhelpenterprises.org

General partner(s) or principal owner(s): Self Help Enterprises
General Partner Type: Nonprofit
Developer: Self Help Enterprises
Investor/Consultant: Community Economics
Management Agent: A.W.I. Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 14
Total # of Units: 56
No. & % of Tax Credit Units: 55 100%
Federal Set-Aside Elected: 40%/60% Test
Federal Subsidy: HOME
Affordability Breakdown by % (Lowest Income Points):
30% AMI: 10 %
50% AMI: 35 %
55% AMI (Rural): 40 %

Information

Set-Aside: Rural
Housing Type: Large Family
Geographic Area: Central Region
TCAC Project Analyst: DC Navarrette

Unit Mix

28 2-Bedroom Units
28 3-Bedroom Units

56 Total Units

<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>
3 2 Bedrooms	30%	30%	\$376
10 2 Bedrooms	50%	50%	\$627
11 2 Bedrooms	55%	55%	\$689
4 2 Bedrooms	60%	60%	\$752
3 3 Bedrooms	30%	30%	\$435
10 3 Bedrooms	50%	50%	\$725
11 3 Bedrooms	55%	55%	\$797
3 3 Bedrooms	60%	60%	\$870
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$9,996,642 Construction Cost Per Square Foot: \$91
Per Unit Cost: \$178,511

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo Bank	\$5,811,438	CCRC	\$1,466,900
State of California HCD HOME	\$2,000,000	State of California HCD HOME	\$2,000,000
Land Donation	\$390,000	Land Donation	\$390,000
Accrued Deferred Interest	\$28,640	AHP	\$550,000
Tax Credit Equity	\$1,050,000	Accrued Deferred Interest	\$28,640
		Deferred Developer Fee	\$451,390
		Tax Credit Equity	\$5,109,712
		TOTAL	\$9,996,642

Determination of Credit Amount(s)

Requested Eligible Basis:	\$6,018,532
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$6,018,532
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$541,668
Total State Credit:	\$1,805,559
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,207,147
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	\$0.76000
State Tax Credit Factor:	\$0.55000

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:	\$6,018,532
Actual Eligible Basis:	\$9,254,796
Unadjusted Threshold Basis Limit:	\$11,133,696
Total Adjusted Threshold Basis Limit	\$11,957,974

Adjustments to Basis Limit:

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:	59.801%

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: None

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, the County of Tulare Redevelopment Agency, 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:

Federal Tax Credits/Annual	State Tax Credits/Total
\$541,668	\$1,805,560

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

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within 500 feet of a regular bus stop or rapid transit system stop	4	4	4
Within ½ mile of public park or community center open to general public	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
In-unit high speed internet service	3	3	3
Service Amenities	10	10	10
Adult educational classes, minimum instruction of 60 hours/year	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	8	8	8
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
No-VOC interior paint	1	1	1
CRI Green-label, low-VOC carpet and pad	1	1	1
Formaldehyde-free insulation	1	1	1
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
State Credit Substitution	2	2	2
Total Points	146	146	146

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.