

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2010 First Round**

**June 9, 2010**

**Project Number** CA-2010-040

**Project Name** Forrest Palms Senior Center  
Site Address: 1825 El Monte Avenue  
Sacramento, CA 95815 County: Sacramento  
Census Tract: 69.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$440,083	\$0
Recommended:	\$440,083	\$0

**Applicant Information**

Applicant: Community Housing Opportunities Corporation (CHOC)  
Contact: Stephanie Browning  
Address: 1490 Drew Avenue, Suite 160  
Davis CA 95618  
Phone: 530-757-4444 Fax: 530-757-4598  
Email: sbrowning@chochousing.org

General partner(s) or principal owner(s): To-be-formed  
General Partner Type: Nonprofit  
Developer: CHOC  
Investor/Consultant: CHPC  
Management Agent: John Stewart Co.

**Project Information**

Construction Type: Acquisition & Rehabilitation  
Total # Residential Buildings: 8  
Total # of Units: 40  
No. & % of Tax Credit Units: 39 100%  
Federal Set-Aside Elected: 40%/60% Test  
Federal Subsidy: HUD Section 8 (40 units - 100%)  
Affordability Breakdown by % (Lowest Income Points):  
30% AMI: 10 %  
40% AMI: 20 %  
50% AMI: 40 %

**Information**

Set-Aside: At-Risk  
Housing Type: At-Risk  
Geographic Area: Capital and Northern Region  
TCAC Project Analyst: Elaine Johnson

**Unit Mix**

40 1-Bedroom Units  
 40 Total Units

<b>Unit Type &amp; Number</b>	<b>2009 Rents Targeted % of Area Median Income</b>	<b>2009 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
4 1 Bedroom	30%	30%	\$409
8 1 Bedroom	40%	40%	\$545
16 1 Bedroom	50%	49%	\$665
11 1 Bedroom	60%	49%	\$665
1 1 Bedroom	Manager's Unit	Manager's Unit	\$510

**Project Financing**

Estimated Total Project Cost: \$6,722,854      Construction Cost Per Square Foot: \$54  
 Per Unit Cost: \$168,071

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
US Bank	\$3,744,796	US Bank	\$890,000
SHRA	\$1,710,000	SHRA	\$1,900,000
Costs deferred til perm	\$365,704	AHP	\$390,000
Income from operations	\$138,122	Income from Operations	\$138,122
LP Equity	\$559,125	Interest - SHRA Loan	\$205,107
Interest - SHRA Loan	\$205,107	Tax Credit Equity	\$3,199,625
		<b>TOTAL</b>	<b>\$6,722,854</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation): \$3,121,529  
 130% High Cost Adjustment: Yes  
 Requested Eligible Basis (Acquisition): \$2,201,896  
 Applicable Fraction: 100.00%  
 Qualified Basis (Rehabilitation): \$4,057,988  
 Applicable Rate: 9.00%  
 Qualified Basis (Acquisition): \$2,201,896  
 Applicable Rate: 3.40%  
 Maximum Annual Federal Credit, Rehabilitation: \$365,219  
 Maximum Annual Federal Credit, Acquisition: \$74,864  
 Total Maximum Annual Federal Credit: \$440,083  
 Approved Developer Fee (in Project Cost & Eligible Basis) \$512,008  
 Investor/Consultant: CHPC  
 Federal Tax Credit Factor: \$0.72705

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:	\$5,323,425
Actual Eligible Basis:	\$5,323,425
Unadjusted Threshold Basis Limit:	\$6,154,480
Total Adjusted Threshold Basis Limit:	\$7,385,376

**Adjustments to Basis Limit:**

Required to Pay Prevailing Wages

**Tie-Breaker Information**

First:	<b>At-Risk</b>
Second:	<b>49.078%</b>

**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, Sacramento Housing and 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$440,083</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

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</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ¼ mile of transit stop, service every 30 minutes in rush hours	6	6	6
Within ¼ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	2	2	2
Within ¼ mile of a neighborhood market of at least 5,000 sf	4	4	4
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	1	1	1
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult educational classes, minimum instruction of 60 hours/year	5	5	5
<b>Sustainable Building Methods</b>	<b>8</b>	<b>10</b>	<b>8</b>
Rehabilitation, not subject to Title 24, w/75% fluorescent or comparable	2	2	2
Energy star rated ceiling fans in bedroom/living room; whole house fan	2	2	2
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
Formaldehyde free cabinets, countertops and shelving	1	1	1
No-VOC interior paint	1	1	1
CRI Green-label, low-VOC carpet and pad	1	1	1
Construction Indoor Air Quality Management plan	2	2	2
<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.**