

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2010 Second Round**

**September 22, 2010**

**REVISED**

**Project Number** CA-2010-159

**Project Name** Buena Vista Apartments  
Site Address: 16451 E. Buena Vista Ave.  
Orange, CA 92865 County: Orange  
Census Tract: 762.020

| <b>Tax Credit Amounts</b> | <b>Federal/Annual</b> | <b>State/Total</b> |
|---------------------------|-----------------------|--------------------|
| Requested:                | \$348,786             | \$0                |
| Recommended:              | \$348,786             | \$0                |

**Applicant Information**

Applicant: Buena Vista Orange, LP  
Contact: Todd Cottle  
Address: 414 E. Chapman Ave.  
Orange, CA 92866  
Phone: (714) 288-7600 Fax: (714) 771-2314  
Email: todd@c-dev.com

General partner(s) or principal owner(s): OHDC Tax Credit I, LLC  
C&C Tax Credit I, LLC  
General Partner Type: Joint Venture  
Developer: C&C Development Co., LLC  
Orange Housing Development Corporation  
Investor/Consultant: NEF  
Management Agent: Advanced Property Services, LLC

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 17  
No. & % of Tax Credit Units: 17 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: HOME  
Affordability Breakdown by % (Lowest Income Points):  
30% AMI: 35 %  
40% AMI: 45 %

**Information**

Set-Aside: Small Development  
Housing Type: Large Family  
Geographic Area: Orange County  
TCAC Project Analyst: DC Navarrette

**Unit Mix**

11 2-Bedroom Units  
6 3-Bedroom Units  

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17 Total Units

| <u>Unit Type &amp; Number</u> | <u>2010 Rents Targeted %<br/>of Area Median Income</u> | <u>2010 Rents Actual %<br/>of Area Median<br/>Income</u> | <u>Proposed Rent<br/>(including<br/>utilities)</u> |
|-------------------------------|--|--|--|
| 4 2 Bedrooms                  | 30%  | 30%  | \$627  |
| 2 3 Bedrooms                  | 30%  | 30%  | \$724  |
| 5 2 Bedrooms                  | 40%  | 40%  | \$837  |
| 3 3 Bedrooms                  | 40%  | 40%  | \$966  |
| 1 2 Bedrooms                  | 60%  | 60%  | \$1,255  |
| 1 3 Bedrooms                  | 60%  | 60%  | \$1,449  |
| 1 2 Bedrooms                  | 60%*   | 60%*   | \$1,255  |

\* = Manager's Unit

**Project Financing**

Estimated Total Project Cost: \$5,657,444 Construction Cost Per Square Foot: \$99  
Per Unit Cost: \$332,791

| <b>Construction Financing</b>           |               | <b>Permanent Financing</b>     |                    |
|---|---------------|--------------------------------|--------------------|
| <u>Source</u>                           | <u>Amount</u> | <u>Source</u>                  | <u>Amount</u>      |
| Orange County Community Resources       | \$1,654,946   | Orange County Dev. Agency HOME | \$1,519,560        |
| Orange County Development Agency HOME   | \$1,519,560   | Orange County Dev. Agency HOME | \$1,155,030        |
| Orange County Development Agency HOME   | \$1,155,030   | General Partner Equity         | \$100              |
| General Partner Equity                  | \$100         | Deferred Developer Fee         | \$318,750          |
| Developer Fee Deferred Until Completion | \$207,187     | Tax Credit Equity              | \$2,664,004        |
| Other Costs Deferred Until Completion   | \$145,870     | <b>TOTAL</b>                   | <b>\$5,657,444</b> |
| Deferred Developer Fee                  | \$318,750     |                                |                    |
| Tax Credit Equity                       | \$656,001     |                                |                    |

**Determination of Credit Amount(s)**

Requested Eligible Basis: \$2,981,075  
 130% High Cost Adjustment: Yes  
 Applicable Fraction: 100.00%  
 Qualified Basis: \$3,875,398  
 Applicable Rate: 9.00%  
 Maximum Annual Federal Credit: \$348,786  
 Approved Developer Fee in Project Cost: \$637,500  
 Approved Developer Fee in Eligible Basis: \$389,577  
 Investor/Consultant: NEF  
 Federal Tax Credit Factor: \$0.76379

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: \$2,981,075  
 Actual Eligible Basis: \$4,715,700  
 Unadjusted Threshold Basis Limit: \$3,467,008  
 Total Adjusted Threshold Basis Limit: \$4,116,465

**Adjustments to Basis Limit:**

Parking Beneath Residential Units

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

Local Development Impact Fees

**Tie-Breaker Information**

|         |                     |
|---------|---------------------|
| First:  | <b>Large Family</b> |
| Second: | <b>74.167%</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 do not meet operating expenses established in the Regulations (see Special Issues/Other Significant Information for details), 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

**Special Issues/Other Significant Information:** According to the application the operating expenses are estimated at \$4,283 per unit. The minimum operating expense for this type of application is \$4,400 per unit. The applicant is advised this number must be equal to or greater than the minimum at application by 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 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.

**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>\$348,786</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.

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

**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                          | 20                      | 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 min, 25 units/acre density  | 7                           | 7                       | 7                     |
| Within ½ mile of public park or community center open to general public     | 2                           | 2                       | 2                     |
| Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf     | 4                           | 4                       | 4                     |
| Large Family proj. w/i ¼ mile of public school project children may attend  | 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>             |
| Adult educational classes, minimum instruction of 60 hours/year             | 5                           | 5                       | 5                     |
| Health/wellness or skill-building classes, minimum instruction of 60 hrs/yr | 5                           | 5                       | 5                     |
| Health services provided by appropriately-licensed org. or individual       | 5                           | 5                       | 0                     |
| <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                     |
| Formaldehyde-free insulation  | 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.**