

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2010 Third Round
December 15, 2010

Project Number CA-2010-851

Project Name El Centro Family Apartments
Site Address: Northeast Corner of North 8th Street and Bradshaw Road
El Centro, CA 92243 County: Imperial
Census Tract: 112.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$528,661	\$2,019,486
Recommended:	\$528,661	\$2,019,486

Applicant Information

Applicant: CIC El Centro Family Apartments, L.P.
Contact: Jordan Penn
Address: 5993 Avenida Encinas, Suite 101
Carlsbad, CA 92008
Phone: (760) 456-6000 **Fax:** (760) 456-6001
Email: jpenn@chelseainvestco.com

General partner(s) or principal owner(s): Pacific Southwest Community Development Corporation
CIC El Centro Family Apartments, LLC
General Partner Type: Joint Venture
Developer: Chelsea Investment Corporation
Investor/Consultant: The Richman Group
Management Agent: CIC Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 5
Total # of Units: 72
No. & % of Tax Credit Units: 71 100%
Federal Set-Aside Elected: 40%/60% Test
Federal Subsidy: Tax Exempt/HOME
Affordability Breakdown by % (Lowest Income Points):
30% AMI: 10 %
40% AMI: 40 %
50% AMI: 20 %

Information

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

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: 9/23/2010
 Credit Enhancement: N/A

Unit Mix

8 1-Bedroom Units
 36 2-Bedroom Units
 28 3-Bedroom Units

 72 Total Units

<u>Unit Type & 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>
2 1 Bedroom	60%	60%	\$634
10 2 Bedrooms	60%	60%	\$760
7 3 Bedrooms	60%	60%	\$879
2 1 Bedroom	50%	50%	\$528
7 2 Bedrooms	50%	50%	\$633
6 3 Bedrooms	50%	50%	\$732
3 1 Bedroom	40%	40%	\$423
15 2 Bedrooms	40%	40%	\$507
11 3 Bedrooms	40%	40%	\$586
1 1 Bedroom	30%	30%	\$317
4 2 Bedrooms	30%	30%	\$380
3 3 Bedrooms	30%	30%	\$439
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$16,922,776 Construction Cost Per Square Foot: \$131
 Per Unit Cost: \$235,039

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Rabobank	\$9,238,225	Rabobank	\$1,180,000
City of El Centro HOME	\$2,000,000	City of El Centro HOME	\$4,900,000
City of El Centro RDA	\$400,000	City of El Centro Loan RDA	\$400,000
Imperial Land Investment Land Note	\$575,000	HCD MHP	\$3,850,000
Deferred Developer Fee	\$1,187,648	Bank of America AHP	\$710,000
Tax Credit Equity	\$3,521,904	Imperial Land Investment Land Note	\$575,000
		Deferred Development Fee	\$179,235
		Tax Credit Equity	\$5,128,541
		TOTAL	\$16,922,776

Determination of Credit Amount(s)

Requested Eligible Basis:	\$15,548,855
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$15,548,855
Applicable Rate:	3.40%
Maximum Annual Federal Credit:	\$528,661
Total State Credit:	\$2,019,486
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,200,000
Investor/Consultant:	The Richman Group
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:	\$15,548,855
Actual Eligible Basis:	\$15,548,855
Unadjusted Threshold Basis Limit:	\$17,263,840
Total Adjusted Threshold Basis Limit:	\$36,437,046

Adjustments to Basis Limit:

- Required to Pay Prevailing Wages
- Local Development Impact Fees
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 61%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 22%

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 meet 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 3.40% of the qualified basis. 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 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:

Federal Tax Credits/Annual
\$528,661

State Tax Credits/Total
\$2,019,486

Standard Conditions

The applicant must submit all documentation required for any 180-Day Readiness Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation.

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 reservation 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
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	8	8
Within 1.5 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	2	2	2
Within ½ mile of a pharmacy	1	1	1
In-unit high speed internet service	2	2	2
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
Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
Construction Indoor Air Quality Management plan	2	2	2
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
Total Points	124	117	117

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.