

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2010 Third Round**

**December 15, 2010**

**Project Number** CA-2010-853

**Project Name** Forestwood at Folsom Family Apartments  
Site Address: 9483 Greenback Lane  
Folsom, CA 95630 County: Sacramento  
Census Tract: 82.060

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$367,495	\$1,404,421
Recommended:	\$367,495	\$1,404,421

**Applicant Information**

Applicant: Forestwood, L.P.  
Contact: Geoffrey C. Brown  
Address: 2440 Professional Drive  
Roseville, CA 95661  
Phone: 916-724-3801 Fax: 916-773-5866  
Email: gbrown@usaprofund.com

General partner(s) or principal owner(s): USA Forestwood, Inc.  
Riverside Charitable Corporation  
General Partner Type: Joint Venture  
Developer: USA Multi-Family Development, Inc.  
Investor/Consultant: RBC Capital Markets  
Management Agent: USA Multifamily Management, Inc.

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 4  
Total # of Units: 55  
No. & % of Tax Credit Units: 54 100%  
Federal Set-Aside Elected: 40%/60% Test  
Federal Subsidy: Tax Exempt  
Affordability Breakdown by % (Lowest Income Points):  
50% AMI: 20 %

**Information**

Set-Aside: N/A  
 Housing Type: Large Family  
 Geographic Area: Capital and Northern Region  
 TCAC Project Analyst: DC Navarrette

**Bond Information**

Issuer: CSCDA  
 Expected Date of Issuance: 3/15/2011  
 Credit Enhancement: Freddie Mac

**Unit Mix**

18 1-Bedroom Units  
 20 2-Bedroom Units  
 17 3-Bedroom Units  


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 55 Total Units

<u>Unit Type &amp; 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>
5 1 Bedroom	50%	50%	\$685
13 1 Bedroom	60%	60%	\$822
4 2 Bedrooms	50%	50%	\$822
15 2 Bedrooms	60%	60%	\$987
2 3 Bedrooms	50%	48%	\$913
15 3 Bedrooms	60%	60%	\$1,140
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$12,970,211      Construction Cost Per Square Foot: \$131  
 Per Unit Cost: \$235,822

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank	\$6,600,000	Citibank	\$4,240,000
City of Folsom	\$2,116,106	City of Folsom Loan A	\$2,500,000
Operating Reserves	\$153,724	City of Folsom Loan B	\$750,000
Deferred Construction Fee	\$477,631	SHRA	\$625,000
Deferred Developer Fee	\$1,400,000	Deferred Developer Fee	\$959,068
Tax Credit Equity	\$2,222,750	Tax Credit Equity	\$3,896,143
		<b>TOTAL</b>	<b>\$12,970,211</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$10,808,690
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$10,808,690
Applicable Rate:	3.40%
Maximum Annual Federal Credit:	\$367,495
Total State Credit:	\$1,404,421
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	RBC Capital Markets
Federal Tax Credit Factor:	\$0.85000
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:	\$10,808,690
Actual Eligible Basis:	\$10,808,690
Unadjusted Threshold Basis Limit:	\$12,470,040
Total Adjusted Threshold Basis Limit:	\$14,964,048

**Adjustments to Basis Limit:**

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 20%

**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 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**  
**\$367,495**

**State Tax Credits/Total**  
**\$1,404,421**

**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

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<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>12</b>	<b>12</b>
Within 500 ft of regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within ¼ mile of school grounds/facilities open to public with JUA	3	3	3
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within ¼ mile of a pharmacy	2	2	2
<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
<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
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
CRI Green-label, low-VOC carpet and pad	1	1	1
<b>Lowest Income</b>	<b>52</b>	<b>10</b>	<b>10</b>
Basic Targeting	50	10	10
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Total Points</b>	<b>124</b>	<b>79</b>	<b>79</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.**