

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2011 First Round
June 22, 2011

Project Number CA-2011-061

Project Name Avenida Villas
 Site Address: 9602 - 9612 W. Ball Road
 Anaheim, CA 92804 County: Orange
 Census Tract: 877.03

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$435,438	\$0
Recommended:	\$435,438	\$0

Applicant Information

Applicant: AMCAL Multi-Housing, Inc.
 Contact: Arjun Nagarkatti
 Address: 30141 Agoura Road, Suite 100
 Agoura Hills, CA 91301
 Phone: (818) 706-0694 Fax: (818) 865-1813
 Email: arjun@amcalhousing.com

General partner(s) or principal owner(s): AMCAL Multi-Housing, Inc.
 A Community of Friends
 General Partner Type: Joint Venture
 Developer: AMCAL Enterprises, Inc.
 Investor: Boston Capital
 Management Agent: John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 29
 No. & % of Tax Credit Units: 28 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: N/A
 Average Targeted Affordability of Special Needs/SRO Project Units: 40.00%
 Affordability Breakdown by % (Lowest Income Points):
 30% AMI: 50 %
 50% AMI: 40 %

Information

Set-Aside: Special Needs
 Housing Type: Special Needs
 Type of Special Needs: Homeless/Formerly Homeless
 % of Special Need Units: 28 units 100%
 Geographic Area: Orange County
 TCAC Project Analyst: DC Navarrette

Unit Mix

24	1-Bedroom Units
<u>5</u>	2-Bedroom Units
29	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>
12 1 Bedroom	30%	15%	\$253
12 1 Bedroom	50%	15%	\$253
2 2 Bedrooms	30%	12%	\$253
2 2 Bedrooms	50%	12%	\$253
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$1,210

Project Financing

Estimated Total Project Cost:	\$11,040,287
Estimated Residential Project Cost:	\$11,040,287

Residential

Construction Cost Per Square Foot:	\$166
Per Unit Cost:	\$380,700

Construction Financing

<u>Source</u>	<u>Amount</u>
Boston Capital	\$3,515,796
Orange County CommunityResources	\$3,186,129
MHSA	\$3,259,600
Deferred Developer Fee	\$251,430
Tax Credit Equity	\$827,332

Permanent Financing

<u>Source</u>	<u>Amount</u>
Orange County CommunityResources	\$3,186,129
Orange County Section 8 Loan	\$328,498
MHSA	\$3,259,600
Deferred Developer Fee	\$129,400
Tax Credit Equity	\$4,136,660
TOTAL	\$11,040,287

Determination of Credit Amount(s)

Requested Eligible Basis:	\$3,721,691
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$4,838,198
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$435,438
Approved Developer Fee:	\$1,017,940
Investor:	Boston Capital
Federal Tax Credit Factor:	\$0.95000

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:	\$3,721,691
Actual Eligible Basis:	\$7,804,211
Unadjusted Threshold Basis Limit:	\$4,620,688
Total Adjusted Threshold Basis Limit:	\$6,099,309

Adjustments to Basis Limit:

- Required to Pay Prevailing Wages
- 100% of Units for Special Needs Population
- 95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Special Needs
Second:	98.099%

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: The estimate of the contractor’s profit, overhead and general requirement costs exceed the limits established by regulation. Be cautioned that at final review, prior to the issuance of the IRS 8609 forms, any costs or eligible basis that exceeds the limits will not be allowed; otherwise the Tax Credit originally awarded may be decreased.

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 Orange, 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
\$435,438	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 180-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 1,500 ft of a regular bus stop or rapid transit system stop	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Special Needs/SRO project within ½ mile of facility serving tenant pop.	3	3	0
Special Needs/SRO project within 1 mile of facility serving tenant pop.	2	0	2
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	1	1	1
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
SPECIAL NEEDS AND SRO HOUSING TYPES			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Health/behavioral services provided by licensed org. or individual	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: LEED	5	5	5
Energy efficiency beyond CA Building Code Title 24 requirements: 17.5%	2	2	2
Develop project to requirements of: LEED Silver	3	3	3
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
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	148	148	148

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.