

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
November 16, 2011**

Project Number CA-2011-922

Project Name Crossing at North Loop
Site Address: 3930 Tarmigan Road
Antelope, CA 95843 County: Sacramento
Census Tract: 74.180

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$402,414	\$0
Recommended:	\$402,414	\$0

Applicant Information

Applicant: Antelope Pacific Associates, a California limited partnership
Contact: Caleb Roope
Address: 430 E. State Street, Suite 100
Eagle, ID 83616
Phone: 208.461.0022 Fax: 208.461.3267
Email: calebr@tpchousing.com

General partner(s) or principal owner(s): Roope, LLC
Central Valley Coalition for Affordable Housing
General Partner Type: Joint Venture
Developer: Pacific West Communities, Inc.
Investor/Consultant: Boston Capital
Management Agent: Buckingham Property Management

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 8
Total # of Units: 112
No. & % of Tax Credit Units: 111 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 45
Number of Units @ or below 60% of area median income: 66

Bond Information

Issuer: CSCDA
 Expected Date of Issuance: 12/15/11
 Credit Enhancement: Citibank as Freddie Mac Delegated Lender

Information

Housing Type: Large Family
 Geographic Area: Capital and Northern Region
 TCAC Project Analyst: Nicola Hil

Unit Mix

22 1-Bedroom Units
 56 2-Bedroom Units
 26 3-Bedroom Units
 8 4-Bedroom Units

 112 Total Units

Unit Type & Number	2011 Rents Targeted % of Area Median Income	2011 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
9 1 Bedroom	50%	50%	\$704
13 1 Bedroom	60%	59%	\$828
23 2 Bedrooms	50%	50%	\$845
33 2 Bedrooms	60%	56%	\$945
10 3 Bedrooms	50%	48%	\$942
16 3 Bedrooms	60%	56%	\$1,096
3 4 Bedrooms	50%	48%	\$1,053
4 4 Bedrooms	60%	58%	\$1,258
1 4 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$13,451,847 Construction Cost Per Square Foot: \$18
 Per Unit Cost: \$120,106

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank, N.A.	\$11,000,000	Citibank, N.A.	\$8,000,000
Deferred Costs	\$253,126	NOI During Construction	\$350,000
Deferred Developer Fee	\$1,543,790	Deferred Developer Fee	\$1,400,000
Tax Credit Equity	\$654,932	Tax Credit Equity	\$3,701,847
		TOTAL	\$13,451,847

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$3,641,970
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$8,193,750
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$3,641,970
Applicable Rate:	3.40%
Qualified Basis (Acquisition):	\$8,193,750
Applicable Rate:	3.40%
Maximum Annual Federal Credit, Rehabilitation:	\$123,827
Maximum Annual Federal Credit, Acquisition:	\$278,587
Total Maximum Annual Federal Credit:	\$402,414
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,543,790
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$0.91991

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:	\$11,835,720
Actual Eligible Basis:	\$11,835,720
Unadjusted Threshold Basis Limit:	\$26,163,720
Total Adjusted Threshold Basis Limit:	\$36,629,208

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: 40%

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: Project is a re-syndication of Tarmigan Terrace (CA-1994-220).

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	State Tax Credits/Total
\$402,414	\$0

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

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 an 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.

Additional Conditions: The applicant/owner is required to provide the tenants with high-speed internet free of charge for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC.