

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2012 First Round
July 11, 2012

Project Number CA-12-830

Project Name Madera Family Apartments
 Site Address: 100 Stadium Road
 Madera, CA 93637 County: Madera
 Census Tract: 5.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$281,850	\$1,145,017
Recommended:	\$281,850	\$1,145,017

Applicant Information

Applicant: 100 Stadium Road, L.P., a California Limited Partnership
 Contact: Gwendy Silver Egnater
 Address: 15303 Ventura Blvd., Suite 1100
 Sherman Oaks, CA 91403
 Phone: (818) 905-2430 Fax: (818) 905-2440
 Email: gwendy@corpoffices.org

General partner(s) or principal owner(s): Corporation for Better Housing
 General Partner Type: Nonprofit
 Developer: Corporation for Better Housing
 Investor: Hunt Capital Partners, LLC
 Management Agent: CBH Property Management, LLC

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 2
 Total # of Units: 40
 No. & % of Tax Credit Units: 39 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HOME
 Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	4	10 %
45% AMI:	10	25 %
50% AMI:	25	40 %

Affordability Breakdown by % (Basis Limit Increase):
 Number of Units @ or below 35% of area median income: 4
 Number of Units @ or below 50% of area median income: 35

Bond Information

Issuer: CSCDA
 Expected Date of Issuance: 08/01/12
 Credit Enhancement: N/A

Information

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

Unit Mix

16 1-Bedroom Units
 12 2-Bedroom Units
 12 3-Bedroom Units

 40 Total Units

<u>Unit Type & Number</u>	<u>2012 Rents Targeted % of Area Median Income</u>	<u>2012 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	30%	30%	\$326
4 1 Bedroom	45%	45%	\$489
11 1 Bedroom	50%	50%	\$543
1 2 Bedrooms	30%	30%	\$391
3 2 Bedrooms	45%	45%	\$587
7 2 Bedrooms	50%	50%	\$652
2 3 Bedrooms	30%	30%	\$451
3 3 Bedrooms	45%	45%	\$677
7 3 Bedrooms	50%	50%	\$753
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$706

Project Financing

Estimated Total Project Cost: \$9,463,329
 Estimated Residential Project Cost: \$9,463,329

Residential

Construction Cost Per Square Foot: \$195
 Per Unit Cost: \$236,583

Construction Financing

<u>Source</u>	<u>Amount</u>
Hunt Capital Partners, LLC	\$5,250,000
City of Madera	\$3,500,000
Tax Credit Equity	\$347,864

Permanent Financing

<u>Source</u>	<u>Amount</u>
Hunt Capital Partners, LLC	\$545,400
City of Madera	\$5,000,000
Deferred Developer Fee	\$383,630
Tax Credit Equity	\$3,534,299
TOTAL	\$9,463,329

Determination of Credit Amount(s)

Requested Eligible Basis:	\$8,807,820
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$8,807,820
Applicable Rate:	3.20%
Maximum Annual Federal Credit:	\$281,850
Total State Credit:	\$1,145,017
Approved Developer Fee (in Project Cost & Eligible Basis):	\$785,000
Investor:	Hunt Capital Partners, LLC
Federal Tax Credit Factor:	\$0.98990
State Tax Credit Factor:	\$0.65000

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:	\$8,807,820
Actual Eligible Basis:	\$8,807,820
Unadjusted Threshold Basis Limit:	\$8,677,280
Total Adjusted Threshold Basis Limit:	\$19,870,971

Adjustments to Basis Limit:

- Required to Pay Prevailing Wages
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 89%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 20%

Tie-Breaker Information

Final: N/A

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 3.20% 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, the City of Madera, has completed a site review of this project and 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
\$281,850	\$1,145,017

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.

The applicant must submit all documentation required for any Readiness to Proceed 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	12	12
Within ¼ mile of regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Large Family proj. w/i ¼ mile of public school project children may attend	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
After school program for school age children, min. of 10 hours/week	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: GreenPoint Rated	5	5	5
Energy efficiency beyond CA Building Code Title 24 requirements: 17.5%	2	2	2
Develop project to requirements of: GreenPoint Rated 100	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
Total Points	126	123	123

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.