

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
July 11, 2012**

Project Number CA-12-841

Project Name Loma Linda Terrace
Site Address: 10846 Poplar Street
Loma Linda, CA 92354 County: San Bernardino
Census Tract: 73.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$532,715	\$0
Recommended:	\$532,715	\$0

Applicant Information

Applicant: 10846 Poplar St., L.P.
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/Consultant: Hunt Capital Partners, LLC
Management Agent: CBH Property Management, LLC

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 50
No. & % of Tax Credit Units: 49 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HOME
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 27
Number of Units @ or below 60% of area median income: 22

Bond Information

Issuer: City of Loma Linda
Expected Date of Issuance: October 1, 2012
Credit Enhancement: N/A

Information

Housing Type: Seniors
 Geographic Area: Inland Empire Region
 TCAC Project Analyst: Connie Osorio

Unit Mix

35 1-Bedroom Units
 15 2-Bedroom Units

 50 Total Units

Unit Type & Number	2012 Rents Targeted % of Area Median Income	2012 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
22 1 Bedroom	50%	50%	\$628
13 1 Bedroom	60%	60%	\$753
5 2 Bedrooms	50%	50%	\$753
9 2 Bedrooms	60%	60%	\$904
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$879

Project Financing

Estimated Total Project Cost: \$13,227,525
 Estimated Residential Project Cost: \$13,227,525

Residential

Construction Cost Per Square Foot: \$225
 Per Unit Cost: \$264,551

Construction Financing

Source	Amount
Hunt Capital Partners, LLC	\$9,000,000
San Bernardino County HOME	\$2,100,000
Loma Linda Housing Authority	\$300,000
Tax Credit Equity	\$723,080

Permanent Financing

Source	Amount
Hunt Capital Partners, LLC	\$2,570,160
San Bernardino County HOME	\$3,500,000
Loma Linda Housing Authority	\$300,000
Deferred Developer Fee	\$1,264,417
Tax Credit Equity	\$5,592,948
TOTAL	\$13,227,525

Determination of Credit Amount(s)

Requested Eligible Basis: \$12,805,647
 130% High Cost Adjustment: Yes
 Applicable Fraction: 100.00%
 Qualified Basis: \$16,647,341
 Applicable Rate: 3.20%
 Maximum Annual Federal Credit: \$532,715
 Approved Developer Fee (in Project Cost & Eligible Basis): \$1,670,000
 Investor/Consultant: Hunt Capital Partners, LLC
 Federal Tax Credit Factor: \$1.04990

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:	\$12,805,647
Actual Eligible Basis:	\$12,805,647
Unadjusted Threshold Basis Limit:	\$9,436,830
Total Adjusted Threshold Basis Limit:	\$17,458,136

Adjustments to Basis Limit:

- Required to Pay Prevailing Wages
- 95% of Upper Floor Units are Elevator-Serviced
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 55%

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 3.20% 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

Local Reviewing Agency:

The Local Reviewing Agency, City of Loma Linda Housing Authority, 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
\$532,715	\$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 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.

Additional Conditions:

The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The project commits to becoming certified under the following program:
GreenPoint Rated Multifamily Guidelines 100
- The project is a new construction or adaptive reuse project that exceeds Title 24 Energy Standards by at least 17.5%, that reduces energy use on a per square foot basis by 25% as calculated using a methodology approved by the California Energy Commission.