

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
August 29, 2012**

Project Number CA-12-852

Project Name Casa Velasco
Site Address: 4050 N. Fruit Avenue
Fresno, CA 93705 County: Fresno
Census Tract: 48.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$473,137	\$0
Recommended:	\$473,137	\$0

Applicant Information

Applicant: Casa Velasco Housing, LP
Contact: Alfredo Izmajtovich
Address: 29700 Woodford - Tehachapi Road
Keene, CA 93531
Phone: 213-362-0260 Fax: 213-362-0265
Email: afredoi@chavezfoundation.org

General partner(s) or principal owner(s): Casa Velasco Housing LLC
General Partner Type: Nonprofit
Developer: Cesar Chavez Foundation
Investor/Consultant: Raymond James Tax Credit Funds
Management Agent: Cesar Chavez Foundation

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 20
Total # of Units: 150
No. & % of Tax Credit Units: 148 100%
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: 60
Number of Units @ or below 60% of area median income: 88

Bond Information

Issuer: CA Statewide Communities Development
 Expected Date of Issuance: September 26, 2012
 Credit Enhancement: None

Information

Housing Type: Large Family
 Geographic Area: Central Region
 TCAC Project Analyst: Benjamin Schwartz

Unit Mix

71 2-Bedroom Units
 56 3-Bedroom Units
 23 4-Bedroom Units

 150 Total Units

Unit Type & Number	2012 Rents Targeted % of Area Median Income	2012 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
31 2 Bedrooms	50%	50%	\$652
38 2 Bedrooms	60%	60%	\$777
22 3 Bedrooms	50%	50%	\$753
34 3 Bedrooms	60%	60%	\$903
7 4 Bedrooms	50%	50%	\$840
16 4 Bedrooms	60%	60%	\$1,008
2 2 Bedrooms	Manager's Unit	Manager's Unit	\$771

Project Financing

Estimated Total Project Cost: \$15,776,380
 Estimated Residential Project Cost: \$15,776,380

Residential

Construction Cost Per Square Foot: \$22
 Per Unit Cost: \$105,176

Construction Financing

Permanent Financing

Source	Amount	Source	Amount
Citibank N.A./Tax Exempt Bonds	\$8,600,000	Citibank N.A./Tax Exempt Bonds	\$6,424,000
Seller Note	\$4,952,106	Seller Note	\$4,952,106
GP Capital	\$100	GP Capital	\$100
Deferred Developer Fee	\$1,593,480	Tax Credit Equity	\$4,400,174
Tax Credit Equity	\$630,694	TOTAL	\$15,776,380

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$4,537,346
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$10,248,172
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$4,537,346
Applicable Rate:	3.20%
Qualified Basis (Acquisition):	\$10,248,172
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$145,196
Maximum Annual Federal Credit, Acquisition:	\$327,941
Total Maximum Annual Federal Credit:	\$473,137
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,900,000
Investor/Consultant:	Raymond James Tax Credit Funds
Federal Tax Credit Factor:	\$0.93000

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:	\$14,785,518
Actual Eligible Basis:	\$14,785,518
Unadjusted Threshold Basis Limit:	\$37,482,110
Total Adjusted Threshold Basis Limit:	\$52,474,954

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 3.20% 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 Fresno, 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
\$473,137	\$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 provide the tenants with the following service amenities 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:

- After school program