

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
August 21, 2013**

**Project Number** CA-13-863

**Project Name** Campina Court Apartments  
Site Address: 9000 Campina Drive  
La Mesa, CA 91942 County: San Diego  
Census Tract: 150.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$272,884	\$0
Recommended:	\$272,884	\$0

**Applicant Information**

Applicant: La Mesa 614, L.P.  
Contact: Geoffrey C. Brown  
Address: 3200 Douglas Blvd., Suite 200  
Roseville, CA 95661  
Phone: (916) 724-3801 Fax: (916) 773-5866  
Email: gbrown@usapropfund.com

General Partner(s) or Principal Owner(s): USA La Mesa 614, Inc.  
Riverside Charitable Corporation  
General Partner Type: Joint Venture  
Parent Company(ies): USA Properties Fund, Inc.  
Riverside Charitable Corporation  
Developer: USA Multifamily Housing, Inc.  
Investor/Consultant: WNC & Associates, Inc.  
Management Agent: USA Multifamily Management, Inc.

**Project Information**

Construction Type: Acquisition & Rehabilitation  
Total # Residential Buildings: 5  
Total # of Units: 60  
No. & % of Tax Credit Units: 59 100.00%  
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: 12  
Number of Units @ or below 60% of area median income: 47

**Bond Information**

Issuer: CSCDA  
 Expected Date of Issuance: October 29, 2013  
 Credit Enhancement: N/A

**Information**

Housing Type: Large Family  
 Geographic Area: San Diego County  
 TCAC Project Analyst: DC Navarrette

**Unit Mix**

30 2-Bedroom Units  
 30 3-Bedroom Units  


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 60 Total Units

<b>Unit Type &amp; Number</b>	<b>2013 Rents Targeted % of Area Median Income</b>	<b>2013 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
7 2 Bedrooms	50%	50%	\$907
23 2 Bedrooms	60%	60%	\$1,089
5 3 Bedrooms	50%	50%	\$1,048
24 3 Bedrooms	60%	60%	\$1,257
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$1,257

**Project Financing**

Estimated Total Project Cost: \$8,794,761  
 Estimated Residential Project Cost: \$8,794,761

**Residential**

Construction Cost Per Square Foot: \$24  
 Per Unit Cost: \$146,579

**Construction Financing**

<b>Source</b>	<b>Amount</b>
Citibank	\$5,500,000
Operating Income	\$533,194
Seller Credit	\$60,000
Deferred Developer Fee	\$1,025,635
Tax Credit Equity	\$1,675,932

**Permanent Financing**

<b>Source</b>	<b>Amount</b>
Citibank	\$5,500,000
Operating Income	\$533,194
Seller Credit	\$60,000
Deferred Developer Fee	\$191,034
Tax Credit Equity	\$2,510,533
<b>TOTAL</b>	<b>\$8,794,761</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$2,216,703
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$5,646,500
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$2,881,714
Applicable Rate:	3.20%
Qualified Basis (Acquisition):	\$5,646,500
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$92,216
Maximum Annual Federal Credit, Acquisition:	\$180,688
Total Maximum Annual Federal Credit:	\$272,884
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,025,635
Investor/Consultant:	WNC & Associates, Inc.
Federal Tax Credit Factor:	\$0.92000

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:	\$7,863,203
Actual Eligible Basis:	\$7,863,203
Unadjusted Threshold Basis Limit:	\$18,331,200
Total Adjusted Threshold Basis Limit:	\$21,997,440

**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: 20%

**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 with the exception of contractor profit, overhead, and general requirements. See Special Issues/Other Significant Information for details. 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:** The applicant's estimate of contractor profit, overhead and general requirement costs exceeds TCAC limit of 14% based on the specific line item costs. However, the estimated costs are within the limits if the hard cost contingency is included in the calculation. The applicant is 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.

**Local Reviewing Agency:**

The Local Reviewing Agency, the City of La Mesa Housing Successor Agency, has completed a site review of this project and has no position on 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$272,884</b>	<b>\$0</b>

**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:

- Instructor-led educational classes, health and wellness or skill-building classes on-site
- Wellness services and programs providing individualized support for tenants on-site