CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
March 21, 2007

Project Number CA-2007-814

Project Name The Shadows Apartments
Address: 1949 Los Feliz Drive
Thousand Oaks, CA 91362 County: Ventura

Applicant Information
Applicant: Shadows TC Investors, LLC
Contact Mike Ortiz
Address: 28914 Roadside Drive, #C-1
Agoura Hills, CA 91301
Phone: (818) 264-1330 Fax: (818) 264-1332
Sponsors Type: Joint Venture

Bond Information
Issuer: CSCDA
Expected Date of Issuance: March 2007
Credit Enhancement: Fannie Mae

Eligible Basis
Actual: $30,008,611
Requested: $30,008,611
Maximum Permitted: $37,843,214

Extra Feature Adjustments:
55-Year Use/Rent Restriction Adjustment: 80% ☒

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,123,140	$0
Recommended:	$1,123,140	$0

Project Information
Construction Type: Acquisition and Rehabilitation
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 148
Total # Residential Buildings: 11

Income/Rent Targeting
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 147 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 15
Number of Units @ or below 60% of area median income: 132

Unit Type & Number	2007 Rents % of Area Median Income	Proposed Rent (including utilities)
5 One-Bedroom	50%	$755
51 One-Bedroom	60%	$906
10 Two-Bedroom	50%	$906
81 Two-Bedroom	60%	$1,087
1 Two-Bedroom	Manager's Unit	$0

The general partner(s) or principal owner(s) are Shadows Partners, LLC & Cabrillo Economic Development Corporation.

The project developer is Shadows Partners, LLC.

The management services will be provided by WESPAC Management Group, Inc.

The market analysis was provided by Novogradac & Company LLP.

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.

Project Financing
Estimated Total Project Cost: $35,845,112 Per Unit Cost: $242,197 Construction Cost Per Sq. Foot: $24

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Capmark Securities, Inc.	$21,600,000	Capmark Securities, Inc.	$16,000,000
Deferred Developer Fee	$2,000,000	Deferred Developer Fee	$1,264,455
City of Thousand Oaks	$6,900,000	City of Thousand Oaks	$6,900,000
Investor Equity	$5,345,112	Investor Equity	$11,680,657
		TOTAL	**$35,845,112**

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	$3,965,775
Requested Acquisition Eligible Basis:	$26,042,836
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	$5,155,508
Qualified Acquisition Basis:	$26,042,836
Applicable Rate:	3.60%
Maximum Annual Federal Rehabilitation Credit:	$185,598
Maximum Annual Federal Acquisition Credit:	$937,542
Total Maximum Annual Federal Credit:	$1,123,140
Approved Developer Fee:	$2,500,000
Tax Credit Factor:	$1.04

Applicant requests and staff recommends annual federal credits of $1,123,140, based on a qualified rehabilitation basis of $5,155,508, a qualified acquisition basis of $26,042,836, and a funding shortfall of $11,680,657.

Cost Analysis and Line Item Review
The requested eligible basis $30,008,611 is below TCAC's adjusted threshold basis limit $37,843,214. The basis limit includes the adjustment for extraordinary features for the 80% adjustment for the 55-year use/affordability restriction for projects that have more than 50% tax-credit units and are located in a DDA/QCT. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitation.

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 3.60% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

Special Issues/Other Significant Information: 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.

Recommendation: Staff recommends that the Committee make a reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal/Annual	State/Total
$1,123,140	**$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.

TCAC makes the 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 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 anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

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 credits 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: None.

Project Analyst: Elaine Johnson