

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

Project Number CA-2007-816

Project Name Wilshire & Minnie Apartments
Address: 1201-1233 Wilshire Ave./1401-1439 S. Minnie Street
Santa Ana, CA 92707 County: Orange

Applicant Information

Applicant: Wilshire & Minnie, L.P.
Contact Eunice Bobert
Address: 414 E. Chapman Avenue
Orange, CA 92866
Phone: (714) 771-1439 **Fax:** (714) 771-0394
Sponsors Type: Nonprofit

Bond Information

Issuer: Housing Authority of the City of Santa Ana
Expected Date of Issuance: May 15, 2007
Credit Enhancement: N/A

Eligible Basis

Actual: \$20,674,038
Requested: \$20,674,038
Maximum Permitted: \$35,932,288

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

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$819,913	\$0
Recommended:	\$819,913	\$0

Project Information

Construction Type: Acquisition and Rehabilitation
Federal Subsidy: Tax-Exempt/HOME
HCD MHP Funding: No
Total # of Units: 144
Total # Residential Buildings: 17

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 143 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 58
Number of Units @ or below 60% of area median income: 85

<u>Unit Type & Number</u>	<u>2007 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
11 One-Bedroom	40%	\$608
34 One-Bedroom	50%	\$760
63 One-Bedroom	60%	\$912
2 Two-Bedroom	40%	\$730
3 Two-Bedroom	50%	\$912
10 Two-Bedroom	60%	\$1,095
2 Three-Bedroom	40%	\$843
5 Three-Bedroom	50%	\$1,054
11 Three-Bedroom	60%	\$1,265
1 Four-Bedroom	50%	\$1,176
1 Four-Bedroom	60%	\$1,411
1 Two-Bedroom	Manager's Unit	\$0

The general partner(s) or principal owner(s) are Orange Housing Development Corporation and C&C Minnie, LLC.

The project developer is Orange Housing Development Corporation and C&C Minnie, LLC.

The management services will be provided by Advanced Property Services, LLC.

The market analysis was provided by Lea & Company.

The Local Reviewing Agency, the City of Santa Ana, has completed a site review of this project and strongly supports this project.

Project Financing

Estimated Total Project Cost: \$21,165,237 Per Unit Cost: \$188,647 Construction Cost Per Sq. Foot: \$47
 Construction Financing Permanent Financing

Source	Amount	Source	Amount
Washington Mutual Bank-A	\$7,857,878	Washington Mutual Bank-A	\$7,857,878
Washington Mutual Bank-B	\$7,400,144	City of Santa Ana	\$2,400,000
City of Santa Ana	\$2,400,000	Santa Ana Community RDA	\$8,100,000
Santa Ana Community RDA	\$7,498,895	GP Contribution	\$1,100,000
GP Contribution	\$1,100,000	Investor Equity	\$7,707,359
Deferred Costs	\$563,649	TOTAL	\$27,165,237
Deferred Developer Fee	\$334,671		
Investor Equity	\$10,000		

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	\$7,004,428
Requested Acquisition Eligible Basis:	\$13,669,610
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	\$9,105,756
Qualified Acquisition Basis:	\$13,669,610
Applicable Rate:	3.60%
Maximum Annual Federal Rehabilitation Credit:	\$327,807
Maximum Annual Federal Acquisition Credit:	\$492,106
Total Maximum Annual Federal Credit:	\$819,913
Approved Developer Fee:	\$2,500,000
Tax Credit Factor:	\$94002

Applicant requests and staff recommends annual federal credits of \$819,913, based on a qualified rehabilitation basis of \$9,105,756, a qualified acquisition basis of \$13,669,619, and a funding shortfall of \$7,707,359.

Cost Analysis and Line Item Review

The requested eligible basis \$22,775,366 is below TCAC's adjusted threshold basis limit \$35,932,288. 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
\$819,913	\$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: The applicant/owner is not required to provide the tenants with services.

Project Analyst: Stephenie Alstrom