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

Project Number CA-2007-817

Project Name Citrus Manor Apartments
Address: 500 Limoneria Ave.
Susanville, CA 96130 County: Lassen

Applicant Information
Applicant: Susanville Citrus Manor, L.P.
Contact Michael L. Condry
Address: 1370 Jensen, Suite B
Sanger, CA 93657
Phone: (559) 875-3330 Fax: (559) 875-3365 email: mcondry@miconrealestate.com
Sponsors Type: Joint Venture

Bond Information
Issuer: California Statewide Communities Development Authority
Date of Issuance: December 13, 2006
Credit Enhancement: None

Eligible Basis
Actual: $4,440,217
Requested: $4,440,217
Maximum Permitted: $14,331,175

Extra Feature Adjustments:
55-Year Use/Rent Restriction Adjustment: 60% ☒

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$179,525	$0
Recommended:	$179,525	$0

Project Information
Construction Type: Acquisition and Rehabilitation
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 54
Total # Residential Buildings: 9

Income/Rent Targeting
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100%-53 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 6
Number of Units @ or below 60% of area median income: 47

	2007 Rents	
Unit Type & Number	**% of Area Median Income**	**Proposed Rent**
6 Two-bedroom units	50%	$591
47 Two-bedroom units	60%	$709
1 Two-bedroom unit	Manager’s unit	$709

The project developer is Micon Real Estate.

The management services will be provided MBS Property Management.

The market analysis was provided by Novogradac and Company.

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

Project Financing
Actual Total Project Cost: $5,045,519 Per Unit Cost: $93,436 Construction Cost Per Sq. Ft.: $33

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Washington Mutual	$2,960,897	Washington Mutual	$2,553,520
USDA	$780,000	USDA	$780,000
Deferred Developer Fee	$461,024	Deferred Developer Fee	$24,972
Investor Equity	$843,599	Investor Equity	$1,687,197
		TOTAL	**$5,045,519**

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	$2,176,417
Requested Acquisition Eligible Basis:	$2,263,800
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	$2,829,342
Qualified Acquisition Basis:	$2,263,800
Applicable Rate:	3.60%
Maximum Annual Federal Rehabilitation Credit:	$98,028
Maximum Annual Federal Acquistion Credit:	$81,497
Total Maximum Annual Federal Credit:	$179,525
Approved Developer Fee:	$565,244
Tax Credit Factor:	$.93981

Applicant requests and staff recommends annual federal credits of $179,525, based on a qualified rehabilitation basis of $2,829,342, a qualified acquisition basis of $2,263,800, and a funding shortfall of $1,687,197.

Cost Analysis and Line Item Review
The requested eligible basis $4,440,217 is below TCAC's adjusted threshold basis limit $14,331,175 . The basis limit includes the adjustment for the extraordinary feature for projects that have the 60% 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 3.50% 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:

$179,525 Federal/Annual **$0** State/Total

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 any type of service for a minimum of ten (10) years in accordance with the bond allocation from CDLAC.

Project Analyst: G. Boyd