CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2007 First Round Cycle
June 6, 2007

Project Number CA-2007-082

Project Name Vista Dunes Courtyard Homes
Site Address: 78990 Miles Avenue
La Quinta, CA 92253 County: Riverside Census Tract: 452.05

Applicant Information
Applicant: Vista Dunes Housing Partners, L.P.
Contact: Angela Heyward
Address: 9065 Haven Avenue, Suite 100
Rancho Cucamonga, CA 91730
Phone: (909) 291-1400 x 126 Fax: (909) 291-0302 email: aheyward@schdc.org

General Partners(s)Type: Nonprofit

Information
Set-Aside: Nonprofit
Housing Type: Large Family
Geographic Area: Inland Empire

Eligible Basis
Requested: $15,587,388
Actual: $25,868,343
Maximum Permitted: $16,109,785

Adjustments to Threshold Basis Limit:
Local Impact Fees ☒
3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features ☒
Region Where Development Costs Frequently Exceed Published Limit ☒

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	$1,267,878	$0
Recommended:	$1,267,878	$0

Project Information
Construction Type: New Construction
Federal Subsidy: None
Total # of Units: 80
Total # Residential Buildings: 28

Income/Rent Targeting
Federal Set-Aside Elected: 40%/60%
% & No. of Tax Credit Units: 100% - 79 units
Breakdown by %: 10% @ 30%, 35% @ 45%, 45% @ 50%

Selection Criteria	Max. Possible Points	Requested Points	Points Awarded
***Cost Efficiency/Credit Reduction/Public Funds* Maximum of 20 points**	***20***	**20**	**20**
☒ Credit Reduction	***20***	2	**2**
☒ Public Funds	***18***	18	**18**
***Owner / Management Characteristics* Maximum of 9 points**	***9***	**9**	**9**
☒ General Partner Experience	***6***	6	**6**
☒ Management Experience	***3***	3	**3**
Negative Points			
***Housing Needs* Maximum of 10 points**	***10***	10	**10**
***Site Amenities* Maximum of 15 points**	***15***	15	**15**
☒ Within 500 feet of a regular bus stop or rapid transit system stop	***4***	4	**4**
☒ Within ¼ mile of public park or community center open to general public	***3***	3	**3**
☒ Within ½ mile of a full-scale grocery store with staples, fresh meat and fresh produce	***3***	3	**3**
☒ Large Family project within ½ mile of public school that project children may attend	***2***	2	**2**
☒ Within 1mile of medical clinic or hospital	***2***	2	**2**
☒ Within ½ mile of a pharmacy	***1***	1	**1**
***Service Amenities* Maximum of 10 points**	***10***	10	**10**
☒ After school programs of an ongoing nature for school age children	***5***	5	**5**
☒ Educational classes (e.g. ESL, Computer training, etc. and aren't same as After School)	***5***	5	**5**
***Neighborhood Revitalization* Maximum of 9 points**	***9***	9	**9**
***Sustainable Building Methods* Maximum of 8 points**	***8***	8	**8**
☒ New construction/adaptive reuse increases energy efficiency 10% above Title 24	***4***	4	**4**
☒ Energy star rated ceiling fans in bedroom/living room; whole house fan; economizer	***2***	2	**2**
☒ Flow restrictors for kitchen & bath faucets or water-saving fixtures	***1***	1	**1**
☒ Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	***2***	2	**2**
☒ No-VOC interior paint	***1***	1	**1**
☒ CRI Green-label, low-VOC carpet and pad	***1***	1	**1**
☒ Formaldehyde-free insulation	***1***	1	**1**
☒ Recycled materials incorporated into: concrete, carpet, road base or landscape	***1***	1	**1**
☒ Rainwater retention at ½ inch rainfall per 24-hour period	***1***	1	**1**
☒ Construction Indoor Air Quality Management plan	***2***	2	**2**
☒ Project design incorporates Universal Design	1	1	**1**
☒ Project has nonsmoking buildings or contiguous sections within a building	1	1	**1**
***Lowest Income* Maximum of 52 points**	***52***	52	**52**
☒ Basic Targeting	***50***	50	**50**
☒ Deeper Targeting – at least 10% of units @ 30% AMI or less	***2***	2	**2**
***Readiness to Proceed* Maximum of 20 points**	***20***	20	**20**
***State credit substitution* Maximum of 2 points**	***2***	2	**2**
Total Points	***155***	155	**155**

Tie-Breaker Information

Tie-Breaker Categories Apply to this Project: **Yes**

First: Housing Type **Large Family**

Second: Maximum Neighborhood Revitalization Points/Federal Designated Area **Yes**

Third: Calculated Ratio per Regulation 10325(c)(12) **61.911%**

Unit Type & Number		2006 Rents for 1st Round 2007 % of Area Median Income	Proposed Rent (including utilities)
2	One-Bedrooms	30%	$323
4	One-Bedrooms	45%	$485
6	One-Bedrooms	50%	$539
4	Two-Bedrooms	30%	$388
16	Two-Bedrooms	45%	$582
20	Two-Bedrooms	50%	$647
3	Three-Bedrooms	30%	$449
11	Three-Bedrooms	45%	$673
13	Three-Bedrooms	50%	$748
1	One-Bedroom	Manager's Unit	$0

The general partner or principal owner is the Southern California Housing Development Corporation of the Inland Empire (name changed to National Community Renaissance of California on February 21, 2007).

The project developer is Southern California Housing Development Corporation.

The management agent is Southern California Housing Development Corporation.

The market analyst is Novogradac & Company.

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

Project Financing
Estimated Total Project Cost: $27,051,923 Per Unit Cost: $338,149 Construction Cost Per Sq. Foot: $202

Construction Financing Source	Amount	Permanent Financing Source	Amount
La Quinta RDA	$26,403,036	U.S. Bank	$1,317,152
		La Quinta RDA	$13,966,831
		Investor Equity	$11,767,940
		TOTAL	**$27,051,923**

Determination of Credit Amount(s)

Requested Eligible Basis:	$15,587,388
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Basis Credit Reduction (2%)	$311,748
Qualified Basis (Rehabilitation):	$15,275,640
Total Maximum Annual Federal Credit:	$1,267,878
Total State Credit:	$0
Approved Developer Fee:	$1,250,000
Tax Credit Factor:	$0.928

Applicant requests and staff recommends annual federal credits of $1,267,878 based on a qualified basis of $15,275,640 and a funding shortfall of $11,767,940.

Cost Analysis and Line Item Review
The requested eligible basis $15,587,388 is below TCAC's threshold basis limit $16,109,785. The basis limit was increased by the following extraordinary features: projects that are located in regions where development costs frequently exceed the published limit, local development impact fees, and the adjustment for projects with 3 or more energy efficiency/resource conservation/indoor air quality items, for exceeding Title 24 by at least 15%, using tank less water heaters, a high efficiency condensing boiler (92% AFUE or greater), or a solar thermal domestic hot water pre-heating system, where at least 75% of the construction and demolition waste (measured by either weight or volume), using CRI Green Label Plus Carpet or no carpet in all bedrooms, using vent kitchen range hoods to the exterior of the building in at least 80% of the units. Staff analysis of project costs to determine reasonableness found most fees to be within TCAC's underwriting guidelines and TCAC limitations. The applicant's estimate of contractor profit, overhead, and general requirement costs and basis exceed the limitation set by regulation. The applicant is cautioned that costs, fees, or basis in excess of the limits set by regulations will not be allowed at final review.

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 8.30% 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

Legal Status: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

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/Annual	State/Total
$1,267,878	**$0**

Standard Conditions

An application for a carryover allocation must be submitted by October 31, 2007, as required by regulation section 10328(d), together with the applicable allocation fee and all required documentation. The time for meeting the "10%" test and submitting related documentation will be no later than six (6) months after the date of the executed carryover allocation (as defined by IRC Section 42 and IRS Notices). The applicant must ensure the project meets all Additional Threshold Requirements for the housing type of the proposed project.

The applicant must submit all documentation required for a Final Reservation no later than February 1 of the year that the building(s) must be placed in service pursuant to Section 42(h)(E)(i) of the Internal Revenue Code of 1986, as amended. The applicant shall provide the Committee a Final Reservation application providing the documentation for the project set forth in Section 10322(i)(1) of these regulations. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation fee calculated in accordance with regulation. The performance deposit must be paid by cashier's check within 20 calendar days of any preliminary reservation. The allocation fee must be paid within a time period specified in the preliminary reservation letter. The allocation fee will be due prior to execution of a carryover allocation or issuance of tax forms, whichever comes first. 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 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.

If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants.

Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(8) at project completion.

Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2)(P) at project completion.

Additional Conditions:

Applicants that received 20 points for readiness to proceed must meet ALL of the following requirements. The applicant must be ready to begin construction within 150 days of the Credit Reservation which is November 2, 2007, as evidenced by submission, within that time of, recorded deeds of trust for all construction financing, payment of all construction lender fees, issuance of building permits and notice to proceed delivered to the contractor. Failure to meet this timeline will result in rescission of the Credit Reservation.

Project Analyst: Stephenie Alstrom