CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 15, 2007

Project Number CA-2007-865

Project Name Horizons at Indio
Address: 45405 Monroe Street
Indio, CA 92201 County: Riverside

Applicant Information
Applicant: UHC Indio, L.P.
Contact John F. Bigley
Address: 2000 E. Fourth Street, Suite 205
Santa Ana, CA 92705
Phone: (714) 835-3955, ex. 6 Fax: (714) 835-3275
Sponsors Type: Nonprofit

Bond Information
Issuer: CSCDA
Date of Issuance: December 2004 & 2005
Credit Enhancement: Citicorp USA, Inc.

Eligible Basis
Actual: $14,795,591
Requested: $14,795,591
Maximum Permitted: $24,900,053

Extra Feature Adjustments:
55-Year Use/Rent Restriction Adjustment: 120% ☒

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$532,641	$0
Recommended:	$532,641	$0

Project Information
Construction Type: New Construction
Federal Subsidy: Tax-Exempt/HOME
HCD MHP Funding: No
Total # of Units: 80
Total # Residential Buildings: 13

Income/Rent Targeting
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 79 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 39
Number of Units @ or below 60% of area median income: 40

Unit Type & Number	2007 Rents % of Area Median Income	Proposed Rent (including utilities)
16 One-Bedroom	40%	$444
4 One-Bedroom	50%	$555
27 One-Bedroom	60%	$666
15 Two-Bedroom	40%	$533
4 Two-Bedroom	50%	$666
13 Two-Bedroom	60%	$799
1 Two-Bedroom	Manager's Unit	$0

The general partner(s) or principal owner(s) are Heritage Community Housing, Inc.

The project developer is UHC Indio Development, LLC.

The management services will be provided by Solari Enterprises, Inc.

The market analysis was provided by Laurin Associates.

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

Project Financing

Estimated Total Project Cost: $18,938,614 Per Unit Cost: $236,733 Construction Cost Per Sq. Foot: $142

Construction Financing Source	Amount	Permanent Financing Source	Amount
Citicorp USA, Inc.	$8,500,000	Citicorp USA, Inc.	$3,312,000
Interest Income	$272,886	Interest Income	$272,886
City of Indio RDA	$2,857,717	City of Indio RDA	$3,257,717
County of Riverside	$1,000,000	County of Riverside	$1,400,000
HCD Joe Serna Jr. Farmworker	$2,650,000	HCD Joe Serna Jr. Farmworker	$3,000,000
AHP	$316,000	AHP	$316,000
Deferred Guaranty Fee	$425,000	Deferred Guaranty Fee	$425,000
Deferred Developer Fee	$999,580	Deferred Developer Fee	$634,366
GP Contribution	$200	LP Contribution	$563,620
LP Contribution	$1,438,825	LP Write Down of Land Cost	$750,000
Investor Equity	$478,406	GP Contribution	$200
		Investor Equity	$5,006,825
		TOTAL	**$18,938,614**

Determination of Credit Amount(s)

Requested Eligible Basis:	$14,795,591
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Basis:	$14,795,591
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	$532,641
Approved Developer Fee:	$1,334,572
Tax Credit Factor:	$.94000

Applicant requests and staff recommends annual federal credits of $532,641 based on a qualified basis of $14,795,591 and a funding shortfall of $5,006,825.

Cost Analysis and Line Item Review
The requested eligible basis $14,795,591 is below TCAC's adjusted threshold basis limit $24,900,053. The basis limit includes the adjustment for extraordinary features for the 120% adjustment for the 55-year use/affordability restriction for projects that have more than 50% tax-credit units. 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
$532,641	**$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 required to provide the tenants with education classes (including on-site computer, Internet, English as a Second Language classes and an off-site sexual assault services/rape crisis program) and contracts for services (including on-site wellness and nutrition counseling, housing and assistance counseling, social services referrals, Dial-A-Ride, distribution programs, meals-on-wheels, flue shot program and pharmacy referrals for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. The amenities provided off-site are within ¼ mile of the Project and are located at the Harvest of Wellness Foundation. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC.

Project Analyst: Stephenie Alstrom