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

Project Number CA-2007-867

Project Name Parkview
Address: 7252 Munson Way
Sacramento, CA 95823 County: Sacramento

Applicant Information
Applicant: Parkview Affordable, L.P.
Contact Ken Reiner
Address: 8105 Irvine Center Drive, Suite 830
Irvine, CA 92618
Phone: (949) 753-0555 Fax: (949) 753-7590 email: kreiner@bentall.com
Sponsors Type: Joint Venture

Bond Information
Issuer: California Housing Finance Agency
Date of Issuance: July, 2007
Credit Enhancement: None

Eligible Basis
Actual: $8,096,906
Requested: $8,096,906
Maximum Permitted: $34,115,440

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

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$333,684	$0
Recommended:	$333,684	$0

Project Information
Construction Type: Acquisition and Rehabilitation
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 97
Total # Residential Buildings: 16

Income/Rent Targeting
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100%-96 units
55-Year Use/Affordability Restriction: No
Number of Units @ or below 50% of area median income: 40
Number of Units @ or below 60% of area median income: 56

2007 Rents

Unit Type & Number		**% of Area Median Income**	**Proposed Rent**
5	One-bedroom units	50%	$613
11	One-bedroom units	60%	$619
16	Two-bedroom units	50%	$736
36	Two-bedroom units	60%	$828
8	Three-bedroom units	50%	$818
20	Three-bedroom units	60%	$957
1	Two-bedroom unit	Manager's unit	$0

The project developer is Bentall Residential.

The management services will be provided The John Stewart Company.

The market analysis was provided by Novogradac & Company.

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

Actual Total Project Cost: $9,715,156 Per Unit Cost: $100,156 Construction Cost Per Sq. Ft.: $35

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
CalHFA—A Bonds	$4,294,000	CalHFA--A Bonds	$4,520,000
CalHFA—B Bonds	$1,885,000	CalHFA—B Bonds	$1,885,000
Mezzanine Loan	$83,787	Deferred Developer Fee	$253,938
Deferred Developer Fee	$475,440	GP Equity	$220,188
Deferred—Reserves & Costs	$424,502	Investor Equity	$2,836,030
Investor Equity	$2,552,427	**TOTAL**	**$9,715,156**

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	$3,907,031
Requested Acquisition Eligible Basis:	$4,189,875
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	$5,079,140
Qualified Acquisition Basis:	$4,189,875
Applicable Rate:	3.60%
Maximum Annual Federal Rehabilitation Credit:	$182,849
Maximum Annual Federal Acquistion Credit:	$150,835
Total Maximum Annual Federal Credit:	$333,684
Approved Developer Fee:	$1,056,118

Tax Credit Factor: $.84991

Applicant requests and staff recommends annual federal credits of $333,684, based on a qualified rehabilitation basis of $5,079,140, a qualified acquisition basis of $4,189,875 , and a funding shortfall of $2,836,030.

Cost Analysis and Line Item Review

The requested eligible basis $8,096,906 is below TCAC's adjusted threshold basis limit 34,115,440. The basis limit includes no adjustments for extraordinary features. 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:

$333,684 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 services.

Project Analyst: G. Boyd