

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2007 Second Round Cycle
September 26, 2007

Project Number CA-2007-117

Project Name Panorama Park Apartments
Site Address: 401 West Columbus Avenue
Bakersfield, CA 93301 County: Kern
Census Tract: 6

Applicant Information

Applicant: AIMCO Equity Services, Inc.
Contact: Paul Patierno
Address: 6100 Center Drive, Suite 800
Los Angeles, CA 90045
Phone: (310) 258-5122 Fax: (310) 258-5177
Email: Paul.Patierno@aimco.com
General Partners(s) Type: Joint Venture

Information

Set-Aside: At-Risk
Housing Type: At-Risk
Geographic Area: Central – Kern County

Eligible Basis

Requested: \$5,500,807
Actual: \$5,500,807
Maximum Permitted: \$10,995,650

Adjustments to Threshold Basis Limit: None

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$426,297	\$0
Recommended:	\$426,297	\$0

Project Information

Construction Type: Acquisition and Rehabilitation
Federal Subsidy: HUD
Total # of Units: 66
Total # Residential Buildings: 9

Income/Rent Targeting

Federal Set-Aside Elected: 40%/60%
% & No. of Tax Credit Units: 100% - 64 units
Breakdown by %: 10% @ 30%, 10% @ 40%, 50% @ 50%

Selection Criteria	Max. Possible Points	Requested Points	Points Awarded
<i>Cost Efficiency/Credit Reduction/Public Funds</i> Maximum of 20 points	20	20	20
<input checked="" type="checkbox"/> Cost Efficiency	18	18	18
<input checked="" type="checkbox"/> Credit Reduction	20	2	2
<i>Owner / Management Characteristics</i> Maximum of 9 points	9	9	9
<input checked="" type="checkbox"/> General Partner Experience	6	6	6
<input checked="" type="checkbox"/> Management Experience	3	3	3
Negative Points			
<i>Housing Needs</i> Maximum of 10 points	10	10	10
<i>Site Amenities</i> Maximum of 15 points	15	15	15
<input checked="" type="checkbox"/> Within 500 feet of a regular bus stop or rapid transit system stop	4	4	4
<input checked="" type="checkbox"/> Within ½ mile of public park or community center open to general public	2	2	2
<input checked="" type="checkbox"/> Within ¼ mile of convenience market where staples are sold	2	2	2
<input checked="" type="checkbox"/> Large Family project within ½ mile of public school that project children may attend	2	2	2
<input checked="" type="checkbox"/> Within ½ mile of medical clinic or hospital	3	3	3
<input checked="" type="checkbox"/> Within ¼ mile of a pharmacy	2	2	2
<i>Service Amenities</i> Maximum of 10 points	10	10	10
<input checked="" type="checkbox"/> High speed internet service provided in each unit	5	5	5
<input checked="" type="checkbox"/> Educational classes (e.g. ESL, Computer training, etc. and aren't same as After School)	5	5	5
<i>Sustainable Building Methods</i> Maximum of 8 points	8	8	8
<input checked="" type="checkbox"/> Rehabilitation, not subject to Title 24, w/75% fluorescent or comparable	2	2	2
<input checked="" type="checkbox"/> Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
<input checked="" type="checkbox"/> Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
<input checked="" type="checkbox"/> Formaldehyde free cabinets, countertops and shelving	1	1	1
<input checked="" type="checkbox"/> No-VOC interior paint	1	1	1
<input checked="" type="checkbox"/> Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
<input checked="" type="checkbox"/> Construction Indoor Air Quality Management plan	2	2	2
<i>Lowest Income</i> Maximum of 52 points	52	52	52
<input checked="" type="checkbox"/> Basic Targeting	50	50	50
<input checked="" type="checkbox"/> Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<i>Readiness to Proceed</i> Maximum of 20 points	20	20	20
<i>State credit substitution</i> Maximum of 2 points	2	2	2
Total Points	155	146	146

Tie-Breaker Information

Tie-Breaker Categories Apply to this Project: No

First: Housing Type N/A

Second: Maximum Neighborhood Revitalization Points/Federal Designated Area N/A

Third: Calculated Ratio per Regulation 10325(c)(12) **129.966%**

<u>Unit Type & Number</u>	<u>2007 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 Two-Bedroom Units	30%	\$342
5 Two-Bedroom Units	40%	\$457
25 Two-Bedroom Units	50%	\$571
15 Two-Bedroom Units	60%	\$685
2 Three-Bedroom Units	30%	\$396
2 Three-Bedroom Units	40%	\$528
7 Three-Bedroom Units	50%	\$660
3 Three-Bedroom Units	60%	\$792
2 Two-Bedroom Units	Manager's Units	\$595

The general partners or principal owners are AIMCO Panorama Park, LLC & Hearthstone Housing Foundation.

The project developer is AIMCO Equity Services, Inc.

The management agent is NHPMN Management, L.P.

The market analyst is Novogradac and 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

Estimated Total Project Cost: \$6,117,373 Per Unit Cost: \$92,687 Construction Cost Per Sq. Foot: \$38

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Amegy Bank	\$1,947,084	Amegy Bank	\$1,200,000
AIMCO Properties, L.P.	\$950,000	AIMCO Cash Flow Loan	\$950,000
Deferred Developer Fee	\$744,888	Deferred Developer Fee	\$131,084
Investor Equity	\$2,685,402	Investor Equity	\$3,836,289
		TOTAL	\$6,117,373

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$3,295,807
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$2,205,000
Applicable Fraction:	100%
Qualified Basis Credit Reduction (2%)	\$129,791
Qualified Basis (Rehabilitation):	\$4,198,858
Applicable Rate:	8.30%
Qualified Basis (Acquisition):	\$2,160,900
Applicable Rate:	3.60%
Maximum Annual Federal Credit (Rehabilitation):	\$348,505
Maximum Annual Federal Credit (Acquisition):	\$77,792
Total Maximum Annual Federal Credit:	\$426,297
Approved Developer Fee:	\$534,887
Tax Credit Factor: AIMCO	\$0.89991

Applicant requests and staff recommends annual federal credits of \$426,297, based on a qualified rehabilitation basis of \$4,198,858, a qualified acquisition basis of \$2,160,900, and a funding shortfall of \$3,836,289.

Cost Analysis and Line Item Review

The requested eligible basis \$5,500,807 is below TCAC's threshold basis limit \$10,995,650. The basis limit was not increased by any extraordinary features. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations.

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, or, in the case of acquisition Credit, 3.60%. 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
\$426,297	\$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 shown 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 February 22, 2008, 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: Anthony Zeto