CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
March 26, 2008

Project Number CA-2008-805

Project Name Thunderbird/San Jacinto Vista Apartments
Address: 91770 66th Mecca Avenue / 90 E. Jarvis Street
Mecca / Perris, CA 92254 / 92571 County: Riverside

Applicant Information
Applicant: Mecca Avenue 66 Community Partners, L.P.
Contact Wilfred N. Cooper, Jr.
Address: 17782 Sky Park Circle
Irvine, CA 92614
Phone: (714) 662-5565 Fax: (714) 662-6834
Sponsors Type: Joint Venture

Bond Information
Issuer: CSCDA
Expected Date of Issuance: April 30, 2008
Credit Enhancement: N/A

Eligible Basis
Actual: $6,945,705
Requested: $6,945,705
Maximum Permitted: $23,119,802

Extra Feature Adjustments:
55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted Between 50% AMI & 36% AMI: 33% ☒

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	$275,621	$0
Recommended:	$275,621	$0

Project Information
Construction Type: Acquisition and Rehabilitation
Federal Subsidy: Tax-Exempt/None
HCD MHP Funding: No
Total # of Units: 102
Total # Residential Buildings: 24

Income/Rent Targeting
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 100 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 33
Number of Units @ or below 60% of area median income: 67

Unit Type & Number	2008 Rents % of Area Median Income	Proposed Rent (including utilities)
4 Two-Bedrooms	50%	$666
12 Three-Bedrooms	50%	$769
2 Four-Bedrooms	50%	$858
10 Two-Bedrooms	60%	$799
23 Three-Bedrooms	60%	$923
2 Four-Bedrooms	60%	$1,030
6 One-Bedrooms	50%	$555
9 Two-Bedrooms	50%	$666
14 One-Bedrooms	60%	$666
18 Two-Bedrooms	60%	$799
2 Two-Bedrooms	Managers' Units	$0

The general partner(s) or principal owner(s) are Mecca Avenue 66 GP, LLC and WNC Development Partners, LLC.

The project developer is WNC-CPP, LLC.

The management services will be provided by Professional Property Management, LLC.

The market analysis was provided by Lea & Company.

The Local Reviewing Agency, the County of Riverside, Economic Development Agency, has completed a site review of this project and supports this project.

Project Financing
Estimated Total Project Cost: $7,979,724 Per Unit Cost: $78,233 Construction Cost Per Sq. Foot: $19

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
US Bank – T.E. Bonds	$4,000,000	US Bank – T.E. Bonds	$2,250,000
Rural Development (USDA)	$3,086,916	Rural Development (USDA)	$3,086,916
Deferred Developer Fee	$24,412	Deferred Developer Fee	$24,412
Investor Equity	$868,396	Investor Equity	$2,618,396
		TOTAL	**$7,979,724**

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	$2,590,409
Requested Acquisition Eligible Basis:	$4,355,296
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	$3,367,532
Qualified Acquisition Basis:	$4,355,296
Applicable Rate:	3.60%
Maximum Annual Federal Rehabilitation Credit:	$118,830
Maximum Annual Federal Acquisition Credit:	$156,791
Total Maximum Annual Federal Credit:	$275,621
Approved Developer Fee:	$905,962
Tax Credit Factor:	$.95000

Applicant requests and staff recommends annual federal credits of $275,621, based on a qualified rehabilitation basis of $3,367,532, a qualified acquisition basis of $4,355,296, and a funding shortfall of $2,618,396.

Cost Analysis and Line Item Review
The requested eligible basis $6,945,705 is below TCAC's adjusted threshold basis limit $23,119,802. The basis limit includes the adjustment for extraordinary features for the 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted between 50% AMI & 36% AMI. 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
$275,621	**$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 not required to provide the tenants with services.

Project Analyst: Stephenie Alstrom