

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2008 Waiting List**

**November 19, 2008**

**Project Number** CA-2008-132

**Project Name** Sahara Village

Site Address: Montara Road  
Barstow, CA 92311

County: San Bernardino

Census Tract: 0120.00

**Applicant Information**

Applicant: Sahara Village Investors, a California L.P.

Contact: Andrew Hanna

Address: 2010 Main Street, Suite 1250

Irvine, CA 92614

Phone: (949) 222-9119

Fax: (949) 266-5548

Email: andrew@globalpremierdevelopment.com

General Partners Type: Joint Venture

**Information**

Set-Aside: Rural

Housing Type: Large Family

Geographic Area: N/A

**Eligible Basis**

Requested: \$10,754,186

Actual: \$12,863,186

Maximum Permitted: \$16,787,747

**Adjustments to Threshold Basis Limit:**

Local Impact Fees

3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features

95% of Upper Floor Units are Elevator-Serviced

**Tax Credit Amounts**

**Federal/Annual**

**State/Total**

Requested: \$843,128 \$3,161,731

Recommended: \$843,128 \$3,161,731

**Project Information**

Construction Type: New Construction

Federal Subsidy: None

Total # of Units: 73

Total # Residential Buildings: 6

**Income/Rent Targeting**

Federal Set-Aside Elected: 40%/60%

% & No. of Tax Credit Units: 100% - 72 units

Breakdown by %: 10% @ 30%, 10% @ 40%, 50% @ 50%

<b>Selection Criteria</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b><i>Cost Efficiency/Credit Reduction/Public Funds</i> Maximum 20 points</b>	<b>20</b>	<b>20</b>	<b>20</b>
Cost Efficiency	18	18	18
Credit Reduction	20	2	2
<b><i>Owner / Management Characteristics</i> Maximum 9 points</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b><i>Housing Needs</i> Maximum 10 points</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b><i>Site Amenities</i> Maximum 15 points</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1500 feet of a regular bus stop or rapid transit system stop	3	3	3
Rural project within ½ mile of public park or community center open to general public	3	3	3
Rural project within ½ mile of a full-scale grocery store w/staples/fresh meat/produce	4	4	4
Rural Large Family project within ½ mile of public school project children may attend	3	3	3
Rural project within 1.5 miles of medical clinic or hospital	2	2	2
Rural project within ½ mile of a pharmacy	2	2	2
<b><i>Service Amenities</i> Maximum 10 points</b>	<b>10</b>	<b>10</b>	<b>10</b>
High speed internet service provided in each unit	5	5	5
Educational classes (e.g. ESL, Computer training, etc. and aren't same as After School)	5	5	5
<b><i>Sustainable Building Methods</i> Maximum 8 points</b>	<b>8</b>	<b>8</b>	<b>8</b>
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
Formaldehyde free cabinets, countertops and shelving	1	1	1
CRI Green-label, low-VOC carpet and pad	1	1	1
Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
Formaldehyde-free insulation	1	1	1
Recycled materials incorporated into: concrete, carpet, road base or landscape	1	1	1
Project has nonsmoking buildings or contiguous sections within a building	1	1	1
<b><i>Lowest Income</i> Maximum 52 points</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b><i>Readiness to Proceed</i> Maximum 20 points</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b><i>State credit substitution</i> Maximum 2 points</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Points</b>	<b>146</b>	<b>146</b>	<b>146</b>

**Tie-Breaker Information**

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

First: Housing Type **Large Family**

Second: Calculated Ratio per Regulation 10325(c)(12) **78.384%**

**2008 Rents for 2<sup>nd</sup> Round 2008**

<b><u>Unit Type &amp; Number</u></b>	<b><u>% of Area Median Income</u></b>	<b><u>Proposed Rent</u></b> (including utilities)
4 2-Bedroom Units	30%	\$449
4 2-Bedroom Units	40%	\$599
18 2-Bedroom Units	50%	\$748
10 2-Bedroom Units	59%	\$894
1 2-Bedroom Units	Manager's Unit	\$822
4 3-Bedroom Units	30%	\$519
4 3-Bedroom Units	40%	\$692
18 3-Bedroom Units	50%	\$865
10 3-Bedroom Units	53%	\$914

The general partners or principal owners are Global Premier Development, Inc. and Central Valley Coalition for Affordable Housing, a California Non-Profit Public Benefit Corporation.

The project developer is Global Premier Development, Inc.

The management agent is Buckingham Property Management.

The market analyst is Prior and Associates.

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

### **Project Financing**

Estimated Total Project Cost: \$15,769,911

Per Unit Cost: \$216,026

Construction Cost Per Sq. Foot: \$143

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
SunAmerica	\$9,363,838	SunAmerica	\$4,066,048
Deferred Developer Fee	\$1,400,000	AHP	\$1,000,000
Investor Equity	\$5,006,073	Deferred Developer Fee	\$691,717
		Investor Equity	\$10,012,146
		<b>TOTAL</b>	<b>\$15,769,911</b>

### **Determination of Credit Amount(s)**

Requested Eligible Basis:	\$10,765,186
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Basis Credit Reduction (2%)	\$215,084
Qualified Basis:	\$10,539,102
Applicable Rate:	8.00%
Total Maximum Annual Federal Credit:	\$843,128
Total State Credit:	\$3,161,731
Approved Developer Fee:	\$1,400,000
Tax Credit Factor: SunAmerica	\$.86363

Applicant requests and staff recommends annual federal credits of \$843,128 and total state credits of \$3,161,731, based on a qualified basis of \$10,539,102 and a funding shortfall of \$10,012,146.

### **Cost Analysis and Line Item Review**

The requested eligible basis \$10,754,186 is below TCAC's threshold basis limit \$16,787,747. The basis limit was increased by the following extraordinary features: requirement to pay local development impact fees, 95% of upper floor units are elevator-serviced, and the use of 3 or more energy efficiency/resource conservation/indoor air quality items including the following: recycling at least 75% of the construction and demolition waste (measured by either weight or volume); installing bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all living rooms or 50% or all common areas; and using CRI Green Label Plus Carpet or no carpet in all bedrooms. 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 8.00% of the qualified basis, or, in the case of acquisition Credit or Credit combined with federal subsidies, 3.50%. 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  
\$843,128**

**State/Total  
\$3,161,731**

### **Standard Conditions**

An application for a carryover allocation must be submitted by **December 9, 2008**, 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 twelve (12) 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)(1)(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 and state 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 **April 20, 2009**, 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: David Navarrette**