

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
September 23, 2009

Project Number CA-2009-842

Project Name Paseo Santa Barbara
Address: 210 W. Santa Barbara Street
Santa Paula, CA 93060 County: Ventura

Applicant Information

Applicant: Cabrillo Economic Development Corporation
Contact Bernardo M. Perez
Address: 702 County Square Drive
Ventura, CA 93003
Phone: (805) 659-3791 x.115 Fax: (805) 659-3195
Email: bperez@cabrilloedc.org
Sponsors Type: Nonprofit

Information

Housing Type: Large Family

Bond Information

Issuer: California Municipal Finance Authority
Expected Date of Issuance: 12/1/2009
Credit Enhancement: None

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$824,892	\$0
Recommended:	\$824,892	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt/USDA RHS 514
HCD MHP Funding: Yes
Total # of Units: 74
Total # Residential Buildings: 11
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 73 units
55-Year Use/Affordability Restriction: Yes

Eligible Basis

Actual: \$18,129,494
Requested: \$18,129,494
Maximum Permitted: \$47,395,907

Adjustments to Threshold Basis Limit:

Required to Pay Prevailing Wages

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units that are Income Targeted Between 50% AMI & 36% AMI: 12%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units that are Income Targeted at 35% AMI or Below: 49%

<u>Unit Type & Number</u>	<u>2009 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
9 One-bedroom Units	35%	\$574
10 Two-bedroom Units	35%	\$690
17 Three-bedroom Units	35%	\$796
2 One-bedroom Units	50%	\$820
3 Two-bedroom Units	50%	\$985
4 Three-bedroom Units	50%	\$1,137
7 One-bedroom Units	55%	\$884
7 Two-bedroom Units	60%	\$1,182
14 Three-bedroom Units	60%	\$1,364
1 Three-bedroom Unit	Manager's Unit	\$0

The general partner(s) or principal owner(s) is Cabrillo Economic Development Corporation.

The project developer is Cabrillo Economic Development Corporation.

The management services will be provided by Cabrillo Economic Development Corporation.

The market analysis was provided by Laurin Associates.

The Local Reviewing Agency, the City of Santa Paula, has completed a site review of this project and supports this project.

Project Financing

Estimated Total Project Cost: \$28,500,626 Per Unit Cost: \$385,144 Construction Cost Per Sq. Foot: \$185

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Wells Fargo Bank – Mortgage	\$15,058,000	CCRC	\$3,648,000
HCD Joe Serna	\$3,500,000	USDA RHS 514	\$3,000,000
HCD Infill Infrastructure	\$2,743,000	HCD MHP	\$4,971,396
Federal Home Loan Bank – AHP	\$555,000	HCD Joe Serna	\$3,500,000
Santa Paula RDA	\$400,000	HCD Infill Infrastructure	\$2,743,000
GP – CEDC Loan (NW Funds)	\$540,000	Federal Home Loan Bank – AHP	\$555,000
Costs deferred until completion	\$690,396	Santa Paula RDA	\$400,000
Deferred Developer Fee	\$1,863,760	CEDC GP Loan	\$540,000
Investor Equity	\$2,160,600	Deferred Developer Fee	\$1,863,760
TCAC ARRA Award	\$989,870	Investor Equity	\$6,289,600
		TCAC ARRA Award	\$989,870
		TOTAL	\$28,500,626

Determination of Credit Amount(s)

Requested Eligible Basis:	\$18,129,494
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$23,568,342
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$824,892
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Consultant:	California Housing Partnership Corp.
Federal Tax Credit Factor:	\$0.762476

Cost Analysis and Line Item Review

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: None

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 Tax Credits/Annual	State Tax Credits/Total
\$824,892	\$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.

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.

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: None

Project Analyst: Benjamin Schwartz