CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
January 27, 2010

Project Number CA-2010-801

Project Name Crescent Manor Apartments
Address: 467 Turk Street
San Francisco, CA 94102 County: San Francisco

Applicant Information
Applicant: Allied Pacific Development, LLC
Contact Sara Fay
Address: 1700 Seventh Ave., Suite 2075
Seattle, WA 98101
Phone: (206) 832-1309 Fax: (206) 832-1309
Email: saf@housingadvisors.com
Sponsors Type: Joint Venture

Information
Housing Type: Senior

Bond Information
Issuer: CSCDA
Expected Date of Issuance: December 2009
Credit Enhancement: PNC Multifamily Capital (HUD D4)

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$412,247	$0
Recommended:	$412,247	$0

Project Information
Construction Type: Acquisition and Rehabilitation
Federal Subsidy: Tax-Exempt/HUD
HCD MHP Funding: No
Total # of Units: 94
Total # Residential Buildings: 1
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 93 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 19
Number of Units @ or below 60% of area median income: 74

Eligible Basis
Actual: $11,972,706
Requested: $11,972,706
Maximum Permitted: $36,496,440

Adjustments to Threshold Basis Limit:

Required to Pay Prevailing Wages
95% of Upper Floor Units are Elevator-Serviced
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units that are Income Targeted Between 50% AMI & 36% AMI: 20%

Unit Type & Number		2009 Rents Targeted % of Area Median Income	2009 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
19	SRO/Studio Units	50%	50%	$990
74	SRO/Studio Units	60%	58.6%	$1,160
1	SRO/Studio Unit	Manager's Unit	Manager's Unit	$0

The general partners or principal owners are Crescent Manor Management, LLC and AOF/Pacific Affordable Housing Corporation.

The project developer is Allied Pacific Development, LLC.

The management services will be provided by Evans Property Management, Inc.

The market analysis was provided by Lea & Company.

The Local Reviewing Agency, the San Francisco Mayor's Office of Housing, has completed a site review of this project and supports this project.

Project Financing

Estimated Total Project Cost: $14,478,457 Per Unit Cost: $154,026 Construction Cost Per Sq. Foot: $96

Construction Financing Source	Amount	Permanent Financing Source	Amount
PNC Multifamily Capital (HUD) - Tax Exempt Bonds	$9,680,000	PNC Multifamily Capital (HUD) - Tax Exempt Bonds	$9,680,000
PNC Multifamily Capital (HUD) - Taxable Bonds	$520,000	PNC Multifamily Capital (HUD) - Taxable Bonds	$520,000
		Deferred Developer Fee	$1,215,464
		Investor Equity	$3,062,993
		TOTAL	**$14,478,457**

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	$6,797,706
Requested Acquisition Eligible Basis:	$5,175,000
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	$8,837,018
Qualified Acquisition Basis:	$5,175,000

Applicable Rate:	3.50%
Maximum Annual Federal Rehabilitation Credit:	$309,296
Maximum Annual Federal Acquisition Credit:	$181,125
Total Maximum Annual Federal Credit:	$412,247
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,561,657
Investor:	Boston Capital
Federal Tax Credit Factor:	$0.743

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
$412,247	$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: The applicant/owner is required to provide the tenants with educational classes and contracts for services free of charge for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC.

Project Analyst: Gina Ferguson