CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 26, 2010

Project Number	CA-2010-812		
Project Name	Meadowview II		
Site Address:	150 E. Nuevo Road		
	Perris, CA 92571		County: Riverside
Census Tract:	426.030		

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$258,354	$0
Recommended:	$258,354	$0

Applicant Information

Applicant:	LMV II Affordable, L.P.		
Contact:	Sean Burrowes		
Address:	8105 Irvine Center Drive, Suite 830		
	Irvine, CA 92618		
Phone:	949-753-0555	Fax:	949-753-7590
Email:	sburrowes@bentall.com		

General partner(s) or principal owner(s):	LMV II AGP, L.P.
	AHCDC Lake Meadow, LP
General Partner Type:	Joint Venture
Developer:	Bentall Residential, L.P.
Investor:	Union Bank, N.A.
Management Agent:	CBR Management Company, LLC

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	10
Total # of Units:	76
No. & % of Tax Credit Units:	75 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax Exempt / HUD Section 8 (100% - 75 units)
HCD MHP Funding:	No
55-Year Use/Affordability:	Yes
Number of Units @ or below 50% of area median income:	16
Number of Units @ or below 60% of area median income:	59

Information

Housing Type:	Non-targeted
Geographic Area:	Inland Empire
TCAC Project Analyst:	Jack Waegell

Bond Information

Issuer:	CalHFA
Expected Date of Issuance:	July 15, 2010
Credit Enhancement:	Freddie Mac

Unit Mix

0	SRO/Studio Units
16	1-Bedroom Units
40	2-Bedroom Units
20	3-Bedroom Units
0	4-Bedroom Units
76	Total Units

Unit Type & Number		2009 Rents Targeted % of Area Median Income	2009 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
4	One-bedroom	50%	50%	$624
8	Two-bedroom	50%	50%	$748
4	Three-bedroom	50%	50%	$865
12	One-bedroom	60%	60%	$749
31	Two-bedroom	60%	54%	$809
16	Three-bedroom	60%	60%	$1,038
1	Two-bedroom	Manager's Unit	Manager's Unit	$0

Project Financing

Estimated Total Project Cost:	$8,423,919	Construction Cost Per Square Foot:	$30
		Per Unit Cost:	$110,841

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
CalHFA/FMAC - Tax Ex. Bond Tranche A	$4,771,900	CalHFA - T.E. Bond Tranche A	$4,771,900
CalHFA/FMAC - Tax Ex. Bond Tranche B	$973,000	CalHFA - T.E. Bond Tranche B	$973,000
Reserve Transfer	$214,040	Reserve Transfer	$214,040
Deferred Developer Fee	$466,020	Deferred Developer Fee	$466,020
Tax Credit Equity	$1,508,786	Cash Flow	$112,976
		Tax Credit Equity	$1,885,983
		TOTAL	**$8,423,919**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$3,006,634
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$3,690,017
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$3,908,624
Qualified Basis (Acquisition):	$3,690,017
Applicable Rate:	3.40%
Maximum Annual Federal Credit, Rehabilitation:	$132,893
Maximum Annual Federal Credit, Acquisition:	$125,461
Total Maximum Annual Federal Credit:	$258,354
Approved Developer Fee In Project Cost:	$874,780
Approved Developer Fee In Eligible Basis:	$864,780
Investor:	Union Bank, N.A.
Federal Tax Credit Factor:	$0.73000

Per Regulation Section 10322(i)(4)(A), The "as if vacant" land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	$6,686,651
Actual Eligible Basis:	$6,696,651
Unadjusted Threshold Basis Limit:	$17,665,536
Total Adjusted Threshold Basis Limi	$21,375,299

Adjustments to Basis Limit:

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 21%

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 limitations except for the developer fee costs shown under acquistion eligible basis which were over the limit by $1. Staff adjusted accordingly. 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 3.40% 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.

Local Reviewing Agency:

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.

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 Tax Credits/Annual	State Tax Credits/Total
$258,354	**$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 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 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 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.

Additional Conditions: The applicant/owner is required to complete the following Sustainable Building Methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the placed-in-service application is submitted: use of water-saving fixtures or flow restrictors in the kitchen (2 gallons per minute or less) and bathrooms (1.5 gallons per minute or less) or install at least one high-efficiency toilet (1.3 gallons per flush or less) or dual-flush toilet per unit; and use either a) material for all cabinets, countertops and shelving that is free of added formaldehyde or fully-sealed on all six sides by laminates and/or a low-VOC primer or sealant (150 grams/liter or less), or b) formaldehyde-free insulation.