

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2010 First Round
June 9, 2010

Project Number CA-2010-106

Project Name Charles Street Apartments
 Site Address: 396 Charles Street
 Moorpark, CA 93021 County: Ventura
 Census Tract: 76.040

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$778,332	\$0
Recommended:	\$778,332	\$0

Applicant Information

Applicant: Moorpark 20, L.P.
 Contact: George McGehee
 Address: 1400 West Hillcrest Avenue
 Newbury Park CA 91320
 Phone: 805-480-9991 Fax: 805-480-1021
 Email: gmcegee@ahacv.org

General partner(s) or principal owner(s): Area Housing Authority of the County of Ventura
 Santa Barbara Housing Assistance Corporation
 General Partner Type: Nonprofit
 Developer: SBHAC and AHACV
 Investor/Consultant: Redstone Equity
 Management Agent: Area Housing Authority of the County of Ventura

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 20
 No. & % of Tax Credit Units: 19 100%
 Federal Set-Aside Elected: 40%/60% Test
 Federal Subsidy: HOME
 Affordability Breakdown by % (Lowest Income Points):
 30% AMI: 15 %
 45% AMI: 25 %
 50% AMI: 35 %

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Elaine Johnson

Unit Mix

14 2-Bedroom Units
6 3-Bedroom Units
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20 Total Units

<u>Unit Type & Number</u>	<u>2009 Rents Targeted % of Area Median Income</u>	<u>2009 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 2 Bedrooms	30%	30%	\$591
3 2 Bedrooms	45%	45%	\$886
4 2 Bedrooms	50%	50%	\$985
4 2 Bedrooms	55%	55%	\$1,083
1 3 Bedrooms	30%	30%	\$682
2 3 Bedrooms	45%	45%	\$1,023
3 3 Bedrooms	50%	50%	\$1,137
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$1,182

Project Financing

Estimated Total Project Cost:	\$8,908,314	Construction Cost Per Square Foot:	\$114
		Per Unit Cost:	\$445,416

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Bank of America ML Com. Dev. Bank	\$3,699,302	Bank of America ML Com. Dev. Bank	\$945,400
County of Ventura HOME	\$471,679	City of Moorpark/RDA	\$1,776,500
Area Housing Authority of CV	\$200,000	County of Ventura HOME	\$471,679
Deferred Developer Fee	\$624,477	Area Housing Authority of Co. of Ventura	\$200,000
City of Moorpark/RDA land	\$1,776,500	Deferred Developer Fee	\$66,414
Limited Partner Equity	\$2,136,356	Tax Credit Equity	\$5,448,321
		TOTAL	\$8,908,314

Determination of Credit Amount(s)

Requested Eligible Basis:	\$6,652,407
130% High Cost Adjustment:	Yes
Qualified Basis (Rehabilitation):	\$8,648,129
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$778,332
Approved Developer Fee (in Project Cost & Eligible Basis):	\$933,009
Investor/Consultant:	Redstone Equity
Federal Tax Credit Factor:	\$0.70000

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:	\$6,652,407
Actual Eligible Basis:	\$7,153,071
Unadjusted Threshold Basis Limit:	\$4,682,880
Total Adjusted Threshold Basis Limit:	\$6,652,407

Adjustments to Basis Limit:

Parking Beneath Residential Units

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

- Projects exceeding Title 24 by at least 15%
- Projects using tank less water heaters, a high efficiency condensing boiler (92% AFUE or greater), or a solar thermal domestic hot water pre-heating system
- Projects using natural linoleum/ceramic tile/natural rubber for all kitchens and bathrooms where no VOC adhesives or backing is used

Utilizing New Energy Technologies

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Large Family
Second:	52.806%

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. 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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. 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.

Local Reviewing Agency:

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

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
\$778,332	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day Requirements elected, and a Final Reservation. 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. 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. 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)(6) 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) at project completion.

Additional Conditions: None

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	27	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within 500 feet of a regular bus stop or rapid transit system stop	4	4	4
Within ¼ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	2	2	2
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
In-unit high speed internet service	2	2	2
Service Amenities	10	10	5
Adult educational classes, minimum instruction of 60 hours/year	5	5	0
Health/wellness or skill-building classes, minimum instruction of 60 hrs/yr	5	5	5
Licensed child care, available 20 hrs/week or more, M-F	5	5	0
After school program for school age children, minimum of 10 hours/week	5	5	0
Sustainable Building Methods	8	8	8
New construction/adaptive reuse energy efficiency 10% above Title 24	4	4	4
Energy star rated ceiling fans in bedroom/living room; whole house fan	2	2	2
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
Formaldehyde-free insulation	1	1	1
Lowest Income	52	55	52
Basic Targeting	50	53	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
State Credit Substitution	2	2	2
Total Points	146	146	141

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.