

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2010 Second Round

September 22, 2010

Project Number CA-2010-148

Project Name Beckes Street Apartments
Site Address: NW corner of Beckes Street and Spruce Street
Wasco, CA 93280 County: Kern
Census Tract: 44.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$764,937	\$2,549,789
Recommended:	\$764,937	\$2,549,789

Applicant Information

Applicants: Golden Empire Affordable Housing II and
Wasco Affordable Housing, Inc.
Contact: Patrick Newman
Address: 1406 7th Street
Wasco, CA 93280
Phone: 661-758-0566 Fax: 661-758-0555
Email: ewascoaffordabl@bak.rr.com
General partner(s) or principal owner(s): Wasco Affordable Housing, Inc.
Golden Empire Affordable Housing, Inc.
General Partner Type: Nonprofit
Developers: Golden Empire Affordable Housing II and
Wasco Affordable Housing, Inc.
Investor/Consultant: Fred Consulting Associates
Management Agent: Housing Authority of County of Kern

Project Information

Construction Type: New Construction
Total # Residential Buildings: 16
Total # of Units: 58
No. & % of Tax Credit Units: 57 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: USDA RD 514 / USDA RD 521 Rental Assistance (57 units - 100%)
Affordability Breakdown by % (Lowest Income Points):
30% AMI: 10 %
45% AMI: 25 %
50% AMI: 40 %

Information

Set-Aside: Rural/RHS 514
Housing Type: Large Family
Geographic Area: N/A
TCAC Project Analyst: Gina Ferguson

Unit Mix

33	2-Bedroom Units
25	3-Bedroom Units
<u>58</u>	Total Units

<u>Unit Type & Number</u>	<u>2010 Rents Targeted % of Area Median Income</u>	<u>2010 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 2 Bedrooms	30%	30%	\$380
8 2 Bedrooms	45%	45%	\$570
13 2 Bedrooms	50%	50%	\$632
7 2 Bedrooms	60%	52%	\$662
3 3 Bedrooms	30%	30%	\$439
7 3 Bedrooms	45%	45%	\$659
10 3 Bedrooms	50%	50%	\$728
5 3 Bedrooms	60%	50%	\$728
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost:	\$12,513,497	Construction Cost Per Square Foot:	\$123
		Per Unit Cost:	\$215,750

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Rabobank, N.A.	\$7,600,000	USDA 514 Loan	\$3,000,000
HCD - Joe Serna Jr. FWHGP*	\$1,000,000	HCD - Joe Serna Jr. FWHGP*	\$1,000,000
City of Wasco RDA	\$1,000,000	City of Wasco RDA	\$1,000,000
Deferred Costs	\$1,433,497	General Partner Equity	\$480,000
General Partner Equity	\$480,000	Deferred Developer Fee	\$175,122
Tax Credit Equity	\$1,000,000	Tax Credit Equity	\$6,858,375
		TOTAL	\$12,513,497

*FWHGP: Farmworker Housing Grant Program

Determination of Credit Amount(s)

Requested Eligible Basis:	\$8,499,298
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$8,499,298
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$764,937
Total State Credit:	\$2,549,789
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,375,122
Investor/Consultant:	Fred Consulting Associates
Federal Tax Credit Factor:	\$0.72993
State Tax Credit Factor:	\$0.50000

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:	\$8,499,298
Actual Eligible Basis:	\$11,441,518
Unadjusted Threshold Basis Limit:	\$11,388,000
Total Adjusted Threshold Basis Limit:	\$12,485,026

Adjustments to Basis Limit:

Projects exceeding Title 24 by at least 35%

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 vent kitchen range hoods to the exterior of the building in at least 80% of the units

Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Second:	72.036%

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, the City of Wasco, 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
\$764,937	\$2,549,789

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	20	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 ft of regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1 mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
Adult educational classes, minimum instruction of 120 hours/year	10	10	10
Health services provided by appropriately-licensed org. or individual	5	5	5
Sustainable Building Methods	8	8	8
New construction/adaptive reuse energy efficiency 10% above Title 24	4	4	4
Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
No-VOC interior paint	1	1	1
Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
Rainwater retention at ½ inch rainfall per 24-hour period	1	1	1
Project design incorporates Universal Design	1	1	1
Lowest Income	52	52	52
Basic Targeting	50	50	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	146

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.