

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2010 Second Round
September 22, 2010

Project Number CA-2010-158

Project Name Pottery Court Apartments
Site Address: Pottery Street to the north, Langstaff Street to the west,
 Sumner Avenue to the south, Lake Elsinore Outflow Channel to the east
 Lake Elsinore, CA 92530 County: Riverside

Census Tract: 430.060

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,141,012	\$0
Recommended:	\$1,141,012	\$0

Applicant Information

Applicant: BRIDGE Housing Corporation
Contact: Brad Wiblin
Address: 345 Spear Street, Suite 700
 San Francisco, CA 94105

Phone: (415) 989-1111 **Fax:** (415) 495-4898
Email: bwiblin@bridgehousing.com

General partner(s) or principal owner(s): BRIDGE SC, LLC
General Partner Type: Nonprofit
Developer: BRIDGE Housing Corporation
Investor/Consultant: Community Economics
Management Agent: BRIDGE Property Management Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 8
Total # of Units: 113
No. & % of Tax Credit Units: 111 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HOME
Affordability Breakdown by % (Lowest Income Points):

30% AMI:	10 %
40% AMI:	10 %
45% AMI:	10 %
50% AMI:	35 %

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Inland Empire
TCAC Project Analyst: DC Navarrette

Unit Mix

20	1-Bedroom Units
48	2-Bedroom Units
45	3-Bedroom Units
<u>113</u>	<u>Total Units</u>

<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>
2 1 Bedroom	30%	30%	\$365
2 1 Bedroom	40%	40%	\$487
2 1 Bedroom	45%	45%	\$548
7 1 Bedroom	50%	50%	\$605
7 1 Bedroom	60%	50%	\$605
5 2 Bedrooms	30%	30%	\$438
5 2 Bedrooms	40%	40%	\$585
5 2 Bedrooms	45%	45%	\$658
16 2 Bedrooms	50%	50%	\$726
17 2 Bedrooms	60%	50%	\$726
5 3 Bedrooms	30%	30%	\$507
5 3 Bedrooms	40%	40%	\$676
5 3 Bedrooms	45%	45%	\$760
16 3 Bedrooms	50%	50%	\$838
12 3 Bedrooms	60%	50%	\$838
2 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost:	\$23,281,943	Construction Cost Per Square Foot:	\$99
		Per Unit Cost:	\$206,035

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Bank of America	\$8,527,000	Bank of America	\$2,348,000
City of Lake Elsinore RDA	\$9,737,000	City of Lake Elsinore RDA	\$9,737,000
City of Lake Elsinore	\$1,000,000	City of Lake Elsinore	\$1,000,000
County of Riverside HOME	\$440,000	County of Riverside HOME	\$440,000
Tax Credit Equity	\$2,387,004	Accrued Interest During Construction	\$203,114
		Photovoltaic Equity	\$125,731
		Deferred Developer Fee	\$300,000
		Tax Credit Equity	\$9,128,098
		TOTAL	\$23,281,943

Determination of Credit Amount(s)

Requested Eligible Basis:	\$9,752,242
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$12,677,914
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$1,141,012
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	\$0.80

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:	\$9,752,242
Actual Eligible Basis:	\$18,704,103
Unadjusted Threshold Basis Limit:	\$23,165,320
Total Adjusted Threshold Basis Limit:	\$25,986,865

Adjustments to Basis Limit:

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:	106.12%

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: When reviewing the application, TCAC staff was unable to determine the number of washer/dryer units on-site. The applicant is advised per the housing type the development must have 1 washer/dryer per 10 units.

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 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
\$1,141,012	\$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 Awarde
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 1,500 ft of a regular bus stop or rapid transit system stop	3	3	3
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 ¼ mile of a neighborhood market of at least 5,000 sf	4	4	4
Large Family proj. w/i ¼ mile of public school project children may attend	3	3	3
Service Amenities	10	10	10
Health/wellness or skill-building classes, minimum instruction of 120 hrs/yr	10	10	10
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
Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
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.