

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

**Project Number** CA-2010-261

**Project Name** Cross & West Apartments  
Site Address: 1350 W. San Joaquin Avenue  
Tulare, CA 93274 County: Tulare  
Census Tract: 22.020

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,000,368	\$0
Recommended:	\$1,000,368	\$0

**Applicant Information**

Applicant: Tulare Pacific Associates, a California Limited Partnership  
Contact: Ken Kugler  
Address: 5140 W. Cypress Avenue  
Tulare, CA 93279  
Phone: 559.627.3700 Fax: 559.733.0169  
Email: hatckkugler@aol.com

General partner(s) or principal owner(s): Kaweah Management Company  
Roope, LLC  
General Partner Type: Joint Venture  
Developer: Kaweah Management Company  
Investor/Consultant: Boston Capital  
Management Agent: Housing Authority of County of Tulare

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 6  
Total # of Units: 49  
No. & % of Tax Credit Units: 48 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: USDA RHS 514/ USDA RHS 521 (24 units - 50%) / HOME  
Affordability Breakdown by % (Lowest Income Points):  
30% AMI: 10 %  
45% AMI: 25 %  
50% AMI: 40 %

**Information**

Set-Aside: N/A  
 Housing Type: Large Family  
 Geographic Area: Central Region  
 TCAC Project Analyst: Benjamin Schwartz

**Unit Mix**

16 2-Bedroom Units  
 25 3-Bedroom Units  
 8 4-Bedroom Units  


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 49 Total Units

<u>Unit Type &amp; 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>
1 2 Bedrooms	30%	30%	\$380
4 2 Bedrooms	45%	45%	\$570
11 2 Bedrooms	50%	50%	\$633
3 3 Bedrooms	30%	30%	\$439
6 3 Bedrooms	45%	45%	\$659
15 3 Bedrooms	50%	50%	\$732
1 4 Bedrooms	30%	30%	\$490
2 4 Bedrooms	45%	45%	\$735
5 4 Bedrooms	50%	50%	\$817
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$13,630,483      Construction Cost Per Square Foot: \$147  
 Per Unit Cost: \$278,173

**Construction Financing****Permanent Financing**

Source	Amount	Source	Amount
Boston Capital Finance - Cons. Loan	\$7,906,451	USDA 514 Loan	\$3,000,000
City of Tulare - HOME Loan	\$2,000,000	City of Tulare - HOME Loan	\$2,000,000
City of Tulare - RDA Loan	\$880,000	City of Tulare - RDA Loan	\$880,000
Tulare Pacific Ass. - Def. Costs	\$163,635	Deferred Developer Fee	\$348,500
Deferred Developer Fee	\$1,200,000	Tax Credit Equity	\$7,401,983
Tax Credit Equity	\$1,480,397	<b>TOTAL</b>	<b>\$13,630,483</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis: \$8,550,151  
 130% High Cost Adjustment: Yes  
 Applicable Fraction: 100.00%  
 Qualified Basis: \$11,115,196  
 Applicable Rate: 9.00%  
 Total Maximum Annual Federal Credit: \$1,000,368  
 Approved Developer Fee (in Project Cost & Eligible Basis): \$1,200,000  
 Investor/Consultant: Boston Capital  
 Federal Tax Credit Factor: \$0.73993

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: \$8,550,151  
 Actual Eligible Basis: \$12,390,151  
 Unadjusted Threshold Basis Limit: \$10,360,752  
 Total Adjusted Threshold Basis Limit: \$12,896,966

**Adjustments to Basis Limit:**

Required to Pay Prevailing Wages  
 Local Development Impact Fees

**Tie-Breaker Information**

First: **Large Family**  
 Second: **80.410%**

**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 Tulare, 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$1,000,368</b>	<b>\$0</b>

**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

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Public Funds	20	20	20
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ¼ mile of transit stop, service every 30 minutes in rush hours	6	6	6
Within ¼ mile of public park or community center open to general public	3	3	3
Within ¼ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Large Family proj. w/i ½ mile of public school project children may attend	2	2	2
Within ¼ mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
Adult educational classes, minimum instruction of 60 hours/year	5	5	5
Health/wellness or skill-building classes, minimum instruction of 60 hrs/yr	5	5	5
<b>Sustainable Building Methods</b>	<b>8</b>	<b>8</b>	<b>8</b>
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
CRI Green-label, low-VOC carpet and pad	1	1	1
Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
Recycled materials incorp. into concrete, carpet, road base, landscape	1	1	1
Construction Indoor Air Quality Management plan	2	2	2
Project has nonsmoking buildings or contiguous sections w/i a building	1	1	1
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>State Credit Substitution</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Points</b>	<b>146</b>	<b>146</b>	<b>146</b>

**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.**