CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 27, 2010

Project Number	CA-2010-827		
Project Name	Village II		
Site Address:	506 Civic Center Blvd		
	Suisun, CA 94585	County: Solano	
Census Tract:	2527.020		

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$500,362	$0
Recommended:	$500,362	$0

Applicant Information

Applicant:	Village II Suisun, LP		
Contact:	Gail Zick-Clyde		
Address:	2750 North Texas Street, Suite 100-D		
	Fairfield, CA 94533		
Phone:	707-422-5919	Fax:	707-422-0631
Email:	sahf@sbcglobal.net		

General partner(s) or principal owner(s):	Solano Affordable Housing Foundation
General Partner Type:	Nonprofit
Developer:	Solano Affordable Housing Foundation
Investor/Consultant:	Merritt Community Capital
Management Agent:	John Stewart Company

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	24
Total # of Units:	106
No. & % of Tax Credit Units:	105 100%
Federal Set-Aside Elected:	40%/60% Test
Federal Subsidy:	Tax Exempt/HUD Section 8 Subsidy (105 units - 100%)
HCD MHP Funding:	No
55-Year Use/Affordability:	Yes
Number of Units @ or below 50% of area median income:	105

Information

Housing Type:	Large Family
Geographic Area:	North and East Bay Region
TCAC Project Analyst:	Nicola Hil

Bond Information

Issuer:	CSCDA
Expected Date of Issuance:	12/1/2010
Credit Enhancement:	PNC - FHA Insurance

Unit Mix

18	SRO/Studio Units
56	3-Bedroom Units
32	4-Bedroom Units
106	Total Units

Unit Type & Number		2010 Rents Targeted % of Area Median Income	2010 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
18	SRO/Studio	50%	47%	$652
56	3 Bedrooms	50%	50%	$1,030
31	4 Bedrooms	50%	50%	$1,148
1	4 Bedrooms	Manager's Unit	Manager's Unit	$1,323

Project Financing

Estimated Total Project Cost:	$18,483,211	Construction Cost Per Square Foot:	$30
		Per Unit Cost:	$174,370

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
PNC - Tax Exempt Bonds	$11,866,000	PNC - Tax Exempt Bonds	$11,866,000
Seller Carry Back Note	$2,147,696	Seller Carry Back Note	$2,147,696
Operating Income	$621,833	Operating Income	$621,833
Replacement Reserves	$250,000	Replacement Reserves	$250,000
Deferred Costs	$1,794,125	Tax Credit Equity	$3,597,682
Tax Credit Equity	$1,803,557		
		TOTAL	**$18,483,211**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$7,047,774
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	$7,668,768
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$7,047,774
Qualified Basis (Acquisition):	$7,668,768
Applicable Rate:	3.40%
Maximum Annual Federal Credit, Rehabilitation:	$239,624
Maximum Annual Federal Credit, Acquisition:	$260,738
Total Maximum Annual Federal Credit:	$500,362
Approved Developer Fee in Project Cost and Eligible Basis:	$1,919,549
Investor/Consultant:	Merritt Community Capital
Federal Tax Credit Factor:	$0.71902

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:	$14,716,542
Actual Eligible Basis:	$14,716,542
Unadjusted Threshold Basis Limit:	$38,659,390
Total Adjusted Threshold Basis Limit:	$85,050,658

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 100%

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 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, City of Suisun City, Community Development Dept., 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

Federal Tax Credits/Annual	State Tax Credits/Total
$500,362	**$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: recycled materials, flow restriction, no VOC interior paint and material for all cabinets free of formaldehyde.