

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

Project Number CA-2010-830

Project Name Campus Commons
 Site Address: 16 Campus Drive
 Arcadia, CA 91007 County: Los Angeles
 Census Tract: 4307.210

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$428,965	\$0
Recommended:	\$428,965	\$0

Applicant Information

Applicant: Arcadia Campus Commons Associates, a California LP
 Contact: Steven Froberg
 Address: 5755 E. Kings Canyon Rd., #110
 Fresno, CA 93727
 Phone: (559) 253-7240 Fax: (559) 647-6071
 Email: sfroberg@ashwoodco.com

General partner(s) or principal owner(s): Community Revitalization and Development Corporation
 Arcadia Campus Commons Associates, LLC
 General Partner Type: Joint Venture
 Developer: Ashwood Construction, Inc.
 Investor/Consultant: Red Capital Markets, LLC
 Management Agent: Buckingham Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 43
 No. & % of Tax Credit Units: 42 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax Exempt
 HCD MHP Funding: No
 55-Year Use/Affordability: Yes
 Number of Units @ or below 50% of area median income: 13
 Number of Units @ or below 60% of area median income: 29

Information

Housing Type: Seniors
 Geographic Area: Los Angeles
 TCAC Project Analyst: Vélia Martínez

Bond Information

Issuer: CSCDA
 Expected Date of Issuance: 12/1/2010
 Credit Enhancement: N/A

Unit Mix

33 1-Bedroom Units
 10 2-Bedroom Units

 43 Total Units

Unit Type & Number	2010 Rents Targeted % of Area Median Income	2010 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
10 1 Bedroom	50%	50%	\$776
23 1 Bedroom	60%	60%	\$932
3 2 Bedrooms	50%	50%	\$932
6 2 Bedrooms	60%	60%	\$1,119
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$12,462,371 Construction Cost Per Square Foot: \$126
 Per Unit Cost: \$289,823

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
US Bank	\$7,032,000	US Bank	\$2,212,550
City of Arcadia	\$3,200,000	City of Arcadia	\$6,900,000
Deferred Developer Fee	\$1,265,880	Deferred Developer Fee	\$261,273
Tax Credit Equity	\$964,491	Tax Credit Equity	\$3,088,548
		TOTAL	\$12,462,371

Determination of Credit Amount(s)

Requested Eligible Basis: \$9,705,082
 130% High Cost Adjustment: Yes
 Applicable Fraction: 100.00%
 Qualified Basis: \$12,616,607
 Applicable Rate: 3.40%
 Total Maximum Annual Federal Credit: \$428,965
 Approved Developer Fee (in Project Cost & Eligible Basis): \$1,265,880
 Investor/Consultant: Red Capital Markets, LLC
 Federal Tax Credit Factor: \$0.72000

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:	\$9,705,082
Actual Eligible Basis:	\$9,705,082
Unadjusted Threshold Basis Limit:	\$8,756,494
Total Adjusted Threshold Basis Limit:	\$13,517,534

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

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 31%

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 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
\$428,965	\$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:

- The project is a New Construction exceeding Title 24 Energy Standards by at least 10%.
- Energy Star rated ceiling fans in all bedrooms and living rooms; or use of a whole house fan; or use of an economizer cycle on mechanically cooled HVAC systems.
- At least one of the following recycled materials at the designated levels: a) cast-in-place concrete (20% flyash); b) carpet (25%); c) road base, fill or landscape amendments (30%).
- Either a) or b) as follows: a) no VOC interior paint (5 grams per liter or less), Carpet/Rug Institute Green-label, low-VOC carpeting and pad and low-VOC adhesives 25 grams per liter or less), or b) bathroom fans in all bathrooms that exhaust to the outdoors and are equipped with a humidistat sensor or timer.