CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
February 2, 2011

Project Number CA-2011-801

Project Name Belagio Apartments
Site Address: NEC of E. Atherton & Spreckles Road
Manteca, CA 95337 County: San Joaquin
Census Tract: 51.140

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	$898,940	$0
Recommended:	$898,940	$0

Applicant Information
Applicant: Manteca Atherton Associates, a California Limited Partnership
Contact: Cyrus Youssefi
Address: 1006 Fourth Street, Suite 701
Sacramento, CA 95814
Phone: (916) 446-4040 Fax: (916) 446-4044
Email: cfyinc@yahoo.com

General partner(s) or principal owner(s): Manteca Atherton Associates, LLC
Community Revitalization and Development Corp.
General Partner Type: Joint Venture
Developer: C.F.Y. Development, Inc.
Investor/Consultant: RBC Tax Credit Equity, LLC
Management Agent: C.F.Y. Development, Inc.

Project Information
Construction Type: New Construction
Total # Residential Buildings: 9
Total # of Units: 153
No. & % of Tax Credit Units: 152 100%
Federal Set-Aside Elected: 40%/60% Test
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 32
Number of Units @ or below 60% of area median income: 120

Information
Housing Type: Large Family
Geographic Area: Central Region
TCAC Project Analyst: Benjamin Schwartz

Bond Information

Issuer:	California Statewide Communities Development Authority
Expected Date of Issuance:	3.30.11
Credit Enhancement:	None

Unit Mix

60	1-Bedroom Units
37	2-Bedroom Units
56	3-Bedroom Units
153	Total Units

Unit Type & Number		2010 Rents Targeted % of Area Median Income	2010 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
12	1 Bedroom	50%	50%	$591
24	1 Bedroom	55%	55%	$651
24	1 Bedroom	60%	60%	$710
8	2 Bedrooms	50%	50%	$710
14	2 Bedrooms	55%	55%	$781
14	2 Bedrooms	60%	60%	$852
12	3 Bedrooms	50%	50%	$820
22	3 Bedrooms	55%	55%	$902
22	3 Bedrooms	60%	60%	$984
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Financing

Estimated Total Project Cost:	$28,795,076	Construction Cost Per Square Foot:	$94
		Per Unit Cost:	$188,203

Construction Financing		**Permanent Financing**	
Source	Amount	Source	Amount
Citi Bank	$14,975,000	Citi Bank	$7,585,000
Manteca RDA	$9,081,713	Manteca RDA	$12,500,000
Deferred Developer Fee	$2,500,000	Deferred Developer Fee	$1,248,865
Tax Credit Equity	$2,238,363	Tax Credit Equity	$7,461,211
		TOTAL	**$28,795,076**

Determination of Credit Amount(s)

Requested Eligible Basis:	$26,439,441
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	$26,439,441
Applicable Rate:	3.40%
Maximum Annual Federal Credit:	$898,940
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,500,000
Investor/Consultant:	RBC Tax Credit Equity, LLC
Federal Tax Credit Factor:	$0.83000

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	$26,439,441
Actual Eligible Basis:	$26,439,441
Unadjusted Threshold Basis Limit:	$32,190,956
Total Adjusted Threshold Basis Limit:	$44,148,540

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 a Minimum Efficiency Report Value (MERV) 8 or higher air filter for HVAC systems that introduce outside air

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

Local Development Impact Fees

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 21%

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: The applicant's estimate of the 3-month operating reserve shown in the application development budget is slightly below TCAC's minimum. At placed-in-service review, the applicant is cautioned that the 3-month operating reserve must meet the TCAC required minimum.

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
$898,940	**$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.

of an ongoing nature, and educational classes not the same as previously mentioned, free of charge for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC.

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: At least one high efficiency toilet or dual-flush toilet per unit, use of material for all cabinets, countertops, and shelving that is free of padded formaldehyde or fully sealed on all six sides by laminates and/or a low-VOC primer or sealant, and use of formaldehyde-free insulation.