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

Project Number CA-2011-807

Project Name Sunrise Pointe
Site Address: 46725 Clinton Street
Indio, CA 92201 County: Riverside
Census Tract: 452.070

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$724,395	$0
Recommended:	$724,395	$0

Applicant Information
Applicant: Capital Foresight Communities I, L.P.
Contact: Naty Saidoff
Address: 2980 Beverly Glen Circle, Suite 300
Los Angeles, CA 90077
Phone: (310) 234-9598 Fax: (310) 234-9589
Email: naty@capitalforesight.com

General partner(s) or principal owner(s): Capital Foresight Communities Management, LLC
AOF/Pacific Fontana AV Management, LLC
General Partner Type: Joint Venture
Developer: Capital Foresight Communities Management, LLC
Investor/Consultant: Capital Foresight Limited Partnership
Management Agent: Cannon Management Company

Project Information
Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 27
Total # of Units: 272
No. & % of Tax Credit Units: 269 100%
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: 27
Number of Units @ or below 60% of area median income: 242

Information
Housing Type: Non-Targeted
Geographic Area: Inland Empire Region
TCAC Project Analyst: DC Navarrette

Bond Information
Issuer: California Statewide Communities Development Authority
Expected Date of Issuance: March, 2011
Credit Enhancement: Private Mortgage Insurance

Unit Mix

112	1-Bedroom Units
159	2-Bedroom Units
1	3-Bedroom Units
272	Total Units

Unit Type & Number		2010 Rents Targeted % of Area Median Income	2010 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
11	1 Bedroom	50%	50%	$609
101	1 Bedroom	60%	54%	$662
12	2 Bedrooms	50%	50%	$731
104	2 Bedrooms	60%	53%	$768
4	2 Bedrooms	50%	50%	$731
37	2 Bedrooms	60%	53%	$778
2	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Financing

Estimated Total Project Cost:	$21,364,800	Construction Cost Per Square Foot:	$29
		Per Unit Cost:	$78,547

Construction Financing

Source	Amount
Citigroup	$16,500,000
Deferred Contractor Fees	$357,278
Deferred Developer Fee	$2,375,000
Tax Credit Equity	$2,132,522

Permanent Financing

Source	Amount
Citigroup	$11,800,000
Deferred Contractor Fees	$357,278
Limited Partner Equity	$1,761,757
Deferred Developer Fee	$2,375,000
Tax Credit Equity	$5,070,765
TOTAL	**$21,364,800**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$7,101,556
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$12,073,710
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$9,232,023
Qualified Basis (Acquisition):	$12,073,710
Applicable Rate:	3.40%
Maximum Annual Federal Credit, Rehabilitation:	$313,889
Maximum Annual Federal Credit, Acquisition:	$410,506
Total Maximum Annual Federal Credit:	$724,395
Approved Developer Fee in Project Cost:	$2,500,000
Approved Developer Fee in Eligible Basis:	$2,499,430
Investor/Consultant:	Capital Foresight Limited Partnership
Federal Tax Credit Factor:	$0.70000

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:	$19,175,266
Actual Eligible Basis:	$19,175,266
Unadjusted Threshold Basis Limit:	$56,700,672
Total Adjusted Threshold Basis Limit:	$62,370,739

Adjustments to Basis Limit:

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 10%

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 meet 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
$724,395	**$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 provide the tenants with after school programs and educational classes 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:

1. Rehabilitation that increases energy efficiency by 25%
2. Flow restrictors for kitchen & bath faucets or water-saving fixtures
3. Minimum 1 high efficiency toilet (1.3 gpf) or dual flush toilet per unit
4. Rehabilitation not subject to Title 24 with 75% fluorescent lights or comparable