CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 19, 2011

Project Number CA-2011-911

Project Name Las Villas de Paseo Nuevo

Site Address:	5655, 5667, 5701, 5703-5705, 5709, 5711, 5713, 5715, and 5727 Cypress Road
	Oxnard, CA 93033 County: Ventura
Census Tract:	45.03, 47.02

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$909,516	$0
Recommended:	$909,516	$0

Applicant Information

Applicant:	Paseo Nuevo Partners, L.P.
Contact:	Patrick J. McCarthy
Address:	633 E. Ventura Blvd.
	Oxnard CA 93036
Phone:	(805) 485-4646 Fax: (805) 278-2177
Email:	pat@mccarthycompanies.net

General partner(s) or principal owner(s):	Pat McCarthy Construction, Inc. Housing Authority of the City of Oxnard
General Partner Type:	Joint Venture
Developer:	Pat McCarthy Construction, Inc.
Investor/Consultant:	First Sterling Financial, Inc.
Management Agent:	Housing Authority of the City of Oxnard

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	12
Total # of Units:	72
No. & % of Tax Credit Units:	71 100%
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:	21
Number of Units @ or below 60% of area median income:	50

Bond Information

Issuer:	Housing Authority of the City of Oxnard
Expected Date of Issuance:	November 2011
Credit Enhancement:	None

Information

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

Unit Mix

24	2-Bedroom Units
48	3-Bedroom Units
72	Total Units

Unit Type & Number		2011 Rents Targeted % of Area Median Income	2011 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
16	2 Bedrooms	50%	50%	$991
8	2 Bedrooms	60%	59%	$1,189
5	3 Bedrooms	50%	48%	$1,101
42	3 Bedrooms	60%	57%	$1,321
1	3 Bedrooms	Manager's Unit	Manager's Unit	$0

Project Financing

Estimated Total Project Cost:	$26,298,461
Estimated Residential Project Cost:	$26,298,461

Residential

Construction Cost Per Square Foot:	$171
Per Unit Cost:	$365,256

Construction Financing

Source	Amount
Citi Community Capital	$15,000,000
Ramona Property Partners LLC	$2,000,000
City of Oxnard	$2,000,000
Oxnard Community Development Loan	$5,000,000
City of Oxnard	$600,000
Accrued Interest on City Loans	$415,000
Deferred Developer Fee	$1,283,461

Permanent Financing

Source	Amount
Citi Community Capital	$7,200,000
First Sterling Financial, Inc.	$211,200
Ramona Property Partners LLC	$2,000,000
City of Oxnard	$2,000,000
Oxnard Community Development Loan	$5,000,000
City of Oxnard	$600,000
Accrued Interest on City Loans	$415,000
Deferred Developer Fee	$140,907
Tax Credit Equity	$8,731,354
TOTAL	**$26,298,461**

Determination of Credit Amount(s)

Requested Eligible Basis:	$20,577,294
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$26,750,482
Applicable Rate:	3.40%
Total Maximum Annual Federal Credit:	$909,516
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,500,000
Investor/Consultant:	First Sterling Financial, Inc.
Federal Tax Credit Factor:	$0.96000

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:	$20,577,294
Actual Eligible Basis:	$20,577,294
Unadjusted Threshold Basis Limit:	$21,735,936
Total Adjusted Threshold Basis Limit:	$28,039,357

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: 29%

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. 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

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
$909,516	**$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: Title 24 energy efficiency, Energy Star rated ceiling fans, Water-saving fixtures or flow restrictors in the kitchen and bathrooms, and at least one high efficiency toilet or dual-flush toilet per unit.