

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
2011 Waiting List Project
December 14, 2011**

Project Number CA-2011-122

Project Name Arbor Creek Family Apartments
Site Address: 8340 Elk Grove Florin Road
Sacramento, CA 95829 County: Sacramento
Census Tract: 93.170

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,048,081	\$3,493,596
Recommended:	\$1,048,081	\$3,493,596

Applicant Information

Applicant: Arbor Creek Family Apartments, L.P.
Contact: Geoffrey C. Brown
Address: 2440 Professional Drive
Roseville, CA 95661
Phone: 916.773.6060 Fax: 916.773.5866
Email: gbrown@usapropfund.com

General partner(s) or principal owner(s): USA Arbor Creek Family, Inc.
Riverside Charitable Corporation
General Partner Type: Joint Venture
Developer: USA Multi-Family Development, Inc.
Investor/Consultant: WNC & Associates, Inc.
Management Agent: USA Multifamily Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 6
Total # of Units: 102
No. & % of Tax Credit Units: 101 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HOME
Utility Allowance: CUAC
Affordability Breakdown by Units and % (Lowest Income Points):
30% AMI: 41 40 %
50% AMI: 60 40 %

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Capital and Northern Region
TCAC Project Analyst: Gina Ferguson

Unit Mix

32 1-Bedroom Units
40 2-Bedroom Units
30 3-Bedroom Units
102 Total Units

Unit Type & Number	2011 Rents Targeted % of Area Median Income	2011 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
15 1 Bedroom	30%	30%	\$422
17 1 Bedroom	50%	50%	\$704
18 2 Bedrooms	30%	30%	\$507
21 2 Bedrooms	50%	50%	\$845
8 3 Bedrooms	30%	30%	\$586
22 3 Bedrooms	50%	50%	\$976
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$22,754,014

Construction Financing	
Source	Amount
US Bank	\$7,525,000
SHRA - Housing Trust Funds	\$2,015,000
County of Sacramento	\$1,858,239
Deferred Developer Fee	\$1,400,000
Tax Credit Equity	\$9,955,775

Residential

Construction Cost Per Square Foot: \$160
Per Unit Cost: \$223,079

Permanent Financing	
Source	Amount
US Bank	\$2,525,000
SHRA - Housing Trust Funds	\$2,015,000
SHRA - HOME, Tax Increment Funds	\$3,815,000
County of Sacramento	\$1,858,239
Tax Credit Equity	\$12,540,775
TOTAL	\$22,754,014

Determination of Credit Amount(s)

Requested Eligible Basis:	\$11,645,342
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$11,645,342
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,048,081
Total State Credit:	\$3,493,596
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	WNC & Associates, Inc.
Federal Tax Credit Factor:	\$0.97990
State Tax Credit Factor:	\$0.64994

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:	\$11,645,342
Actual Eligible Basis:	\$18,673,302
Unadjusted Threshold Basis Limit:	\$19,474,624
Total Adjusted Threshold Basis Limit:	\$19,474,624

Adjustments to Basis Limit: None

Tie-Breaker Information

First:	Large Family
Second:	49.903%

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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. 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:

Adequate laundry facilities must be available on project premises, with no fewer than one washer/dryer per 10 units upon completion of the project prior to the issuance of federal and state tax forms. The estimate of the contractor's profit, overhead and general requirement costs exceed the limits established by regulation. The applicant is cautioned that at final review, prior to the issuance of the IRS 8609 forms, any costs or eligible basis that exceeds the limits will not be allowed.

Legal Status: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency:

The Local Reviewing Agency, Sacramento Housing and Redevelopment Agency, 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 following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal Tax Credits/Annual
\$1,048,081

State Tax Credits/Total
\$3,493,596

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness to Proceed Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 a performance deposit and 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Additional Conditions: None

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within 500 ft of regular bus stop (or dial-a-ride service for rural set-aside)	4	4	0
Within 1,500 ft of a regular bus stop or rapid transit system stop	3	0	3
Within ½ mile of public park or community center open to general public	2	2	2
Within ¼ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Large Family proj. w/i ½ mile of public school project children may attend	2	2	2
Within ½ mile of medical clinic or hospital	3	3	3
Within ¼ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, minimum 84 hrs/yr instruction	7	7	7
After school program for school age children, minimum of 6 hours/week	3	3	3
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: GreenPoint Rated Multifamily	5	5	5
Energy efficiency beyond CA Building Code Title 24 requirements: 17.5%	2	2	2
Develop project to requirements of: GreenPoint Rated MF Guidelines 100	3	3	3
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	148	148	148

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.