

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
December 14, 2011**

**Project Number** CA-2011-924

**Project Name** Mono Hilltop  
Site Address: 750 Mono Street  
Fresno, CA 93706 County: Fresno  
Census Tract: 60190.003

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$170,792	\$0
Recommended:	\$170,792	\$0

**Applicant Information**

Applicant: Hampstead Mono Hilltop Partners, L.P.  
Contact: Jeff Jallo  
Address: 3413 30th Street  
San Diego CA 92104  
Phone: 619-543-4210 Fax: 619-543-4220  
Email: jeff@hampstead.com

General partner(s) or principal owner(s): Hampstead Mono Hilltop, LLC  
Affordable Housing Solutions  
General Partner Type: Joint Venture  
Developer: The Hampstead Group, Inc.  
Investor/Consultant: Boston Financial Investment Mgmt  
Management Agent: James Hendricks & Associates

**Project Information**

Construction Type: Acquisition & Rehabilitation  
Total # Residential Buildings: 8  
Total # of Units: 60  
No. & % of Tax Credit Units: 59 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt / HUD Project-Based Section 8 (59 units - 100%)  
HCD MHP Funding: No  
55-Year Use/Affordability: Yes  
Number of Units @ or below 50% of area median income: 6  
Number of Units @ or below 60% of area median income: 53

**Bond Information**

Issuer: California Statewide Communities  
 Date of Issuance: November 16, 2011  
 Credit Enhancement: None

**Information**

Housing Type: Seniors  
 Geographic Area: Central Region  
 TCAC Project Analyst: Benjamin Schwartz

**Unit Mix**

59 1-Bedroom Units  
 1 2-Bedroom Units  


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 60 Total Units

<b>Unit Type &amp; Number</b>	<b>2011 Rents Targeted % of Area Median Income</b>	<b>2011 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
6 1 Bedroom	50%	50%	\$536
53 1 Bedroom	60%	60%	\$643
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$875

**Project Financing**

Estimated Total Project Cost: \$5,463,594  
 Estimated Residential Project Cost: \$5,463,594

**Residential**

Construction Cost Per Square Foot: \$25  
 Per Unit Cost: \$91,060

**Construction Financing**

Source	Amount
Citi Community Capital	\$4,100,000
Income During Construction	\$285,346
Deferred Developer Fee	\$178,248
Tax Credit Equity	\$900,000

**Permanent Financing**

Source	Amount
Citi Community Capital	\$3,446,179
PG&E Energy Rebates and Subsidies	\$78,030
Income During Construction	\$285,346
Deferred Developer Fee	\$48,594
Tax Credit Equity	\$1,605,445
<b>TOTAL</b>	<b>\$5,463,594</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$2,143,930
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$2,236,175
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$2,787,109
Applicable Rate:	3.40%
Qualified Basis (Acquisition):	\$2,236,175
Applicable Rate:	3.40%
Maximum Annual Federal Credit, Rehabilitation:	\$94,762
Maximum Annual Federal Credit, Acquisition:	\$76,030
Total Maximum Annual Federal Credit:	\$170,792
Approved Developer Fee (in Project Cost & Eligible Basis):	\$573,862
Investor/Consultant:	Boston Financial Investment Mgmt
Federal Tax Credit Factor:	\$0.94000

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:	\$4,380,105
Actual Eligible Basis:	\$4,380,105
Unadjusted Threshold Basis Limit:	\$10,141,927
Total Adjusted Threshold Basis Limit:	\$12,170,313

**Adjustments to Basis Limit:**

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: 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 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:** The syndicator letter states total syndication expenses will be roughly 13.2% of gross proceeds. Per regulation section 10327(c)(3) this cannot exceed 10% in a private offering. The developer is advised the total syndication expenses must be in compliance with regulations by placed in service.

**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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$170,792</b>	<b>\$0</b>

**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 the following Service Amenities 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:

- Bona fide service coordinator

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 Rehabilitation Project reducing energy use on a per square foot basis by 25% as calculated using a methodology approved by the California Energy Commission
  - b) Water-saving fixtures or flow restrictors in the kitchen (2 gpm or less) and bathrooms (1.5 gpm or less)
  - c) At least one High Efficiency Toilet (1.3 gallons per flush) or dual flush toilets per unit
  - e) Interior paint with no volatile organic compounds, (5 grams per liter or less)