

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
May 16, 2012**

Project Number CA-2012-822

Project Name Viscaya Gardens (formerly known as: Dinuba Village)
Site Address: 1000 Rosemary Avenue
Dinuba, CA 93618 County: Tulare
Census Tract: 4.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$337,612	\$0
Recommended:	\$337,612	\$0

Applicant Information

Applicant: Self-Help Enterprises
Contact: Doug Pingel
Address: 8445 W. Elowin Ct.
Visalia, CA 93290
Phone: 559-802-1651 Fax: 559-651-3634
Email: dougp@selfhelpenterprises.org

General partner(s) or principal owner(s): Self-Help Enterprises
N/A
General Partner Type: Nonprofit
Developer: Self-Help Enterprises
Investor/Consultant: Community Economics
Management Agent: A.W.I. Property Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 12
Total # of Units: 48
No. & % of Tax Credit Units: 47 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HOME
HCD MHP Funding: Yes
55-Year Use/Affordability: Yes
Number of Units @ or below 35% of area median income: 12
Number of Units @ or below 50% of area median income: 35

Bond Information

Issuer: CSCDA
Expected Date of Issuance: August 1, 2012
Credit Enhancement: None

Information

Housing Type: Large Family
 Geographic Area: Central Region
 TCAC Project Analyst: Nicola Hil

Unit Mix

24 2-Bedroom Units
 24 3-Bedroom Units

 48 Total Units

<u>Unit Type & Number</u>	<u>2012 Rents Targeted % of Area Median Income</u>	<u>2012 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
6 2 Bedrooms	30%	30%	\$391
6 3 Bedrooms	30%	30%	\$451
7 2 Bedrooms	45%	45%	\$586
6 3 Bedrooms	45%	45%	\$677
11 2 Bedrooms	50%	50%	\$652
11 3 Bedrooms	50%	50%	\$753
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$11,493,507 Construction Cost Per Square Foot: \$115
 Per Unit Cost: \$239,448

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Wells Fargo Bank	\$6,440,463	HCD - HOME	\$4,148,516
HCD - HOME	\$3,733,664	HCD - MHP	\$3,706,922
Accrued Deferred Interest	\$25,990	Accrued Deferred Interest	\$25,990
Tax Credit Equity	\$50,000	GP Equity	\$327
		Deferred Developer Fee	\$409,000
		Tax Credit Equity	\$3,202,751
		TOTAL	\$11,493,507

Determination of Credit Amount(s)

Requested Eligible Basis \$10,550,390
 130% High Cost Adjustment: No
 Applicable Fraction: 100.00%
 Qualified Basis: \$10,550,390
 Applicable Rate: 3.20%
 Maximum Annual Federal Credit: \$337,612
 Approved Developer Fee (in Project Cost & Eligible Basis): \$1,200,000
 Investor/Consultant: Community Economics
 Federal Tax Credit Factor: \$0.94865

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:	\$10,550,390
Actual Eligible Basis:	\$10,550,390
Unadjusted Threshold Basis Limit:	\$11,994,624
Total Adjusted Threshold Basis Limit:	\$30,458,863

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

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: 74%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 50%

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 3.20% 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
\$337,612

State Tax Credits/Total
\$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 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:

- After school program
- Educational classes

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 TCAC placed-in-service application is submitted:

- Green Point Rated Multifamily Guidelines
- 20% over Title 24
- Green Point rated 100