CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 16, 2012

Project Number	CA-2012-826		
Project Name	Fred Young Farmworker Apartments, Phase I		
Site Address:	83681 Dr. Carreon Boulevard		
	Indio, CA 92201	County: Riverside	
Census Tract:	454.000		

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$880,673	$0
Recommended:	$880,673	$0

Applicant Information

Applicant:	Fred Young Phase I Associates, LP		
Contact:	John F. Mealey		
Address:	45701 Monroe Street, Suite G Indio, CA 92201		
Phone:	(760) 347-3157	Fax:	(760) 342-6466
Email:	john.mealey@cvhc.org		

General partner(s) or principal owner(s):	Coachella Valley Housing Coalition
General Partner Type:	Nonprofit
Developer:	Coachella Valley Housing Coalition
Consultant:	Community Economics
Management Agent:	Hyder Property Management Professionals

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	30
Total # of Units:	85
No. & % of Tax Credit Units:	84 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / USDA 514 / USDA 521 Rental Assistance Contract (100% - 84 Units)
HCD MHP Funding:	Yes
55-Year Use/Affordability:	Yes
Number of Units @ or below 50% of area median income:	26
Number of Units @ or below 60% of area median income:	58

Bond Information

Issuer:	California Municipal Finance Authority
Expected Date of Issuance:	August 1, 2012
Credit Enhancement:	No

Information

Housing Type:	Large Family
Geographic Area:	Inland Empire Region
TCAC Project Analyst:	DC Navarrette

Unit Mix

12	1-Bedroom Units
33	2-Bedroom Units
29	3-Bedroom Units
11	4-Bedroom Units
85	Total Units

Unit Type & Number		2012 Rents Targeted % of Area Median Income	2012 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
4	1 Bedroom	50%	25%	$314
4	1 Bedroom	50%	30%	$376
2	1 Bedroom	60%	40%	$502
2	1 Bedroom	60%	50%	$628
7	2 Bedrooms	50%	25%	$376
9	2 Bedrooms	60%	30%	$452
9	2 Bedrooms	60%	40%	$603
3	2 Bedrooms	60%	45%	$678
5	2 Bedrooms	60%	50%	$753
2	3 Bedrooms	50%	25%	$435
8	3 Bedrooms	50%	30%	$522
12	3 Bedrooms	60%	40%	$697
2	3 Bedrooms	60%	45%	$784
4	3 Bedrooms	60%	50%	$871
1	4 Bedrooms	50%	25%	$486
3	4 Bedrooms	60%	30%	$583
4	4 Bedrooms	60%	40%	$778
2	4 Bedrooms	60%	45%	$875
1	4 Bedrooms	60%	50%	$972
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Financing	
Estimated Total Project Cost:	$22,444,551
Estimated Residential Project Cost:	$22,444,551

Residential	
Construction Cost Per Square Foot:	$158
Per Unit Cost:	$264,054

Construction Financing

Source	Amount
US Bank	$14,000,000
USDA 514	$3,359,952
HCD - Joe Serna Funds	$1,000,000
County HOME	$1,000,000
AHP	$840,000
Tax Credit Equity	$300,000

Permanent Financing

Source	Amount
USDA 514	$3,359,952
HCD - MHP	$5,321,531
HCD - Joe Serna Funds	$1,020,857
County HOME	$1,020,857
AHP	$840,000
General Partner Equity	$1,100,000
Tax Credit Equity	$9,781,355
TOTAL	**$22,444,551**

Determination of Credit Amount(s)

Requested Eligible Basis:	$21,170,013
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$27,521,017
Applicable Rate:	3.20%
Maximum Annual Federal Credit:	$880,673
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,300,000
Consultant:	Community Economics
Federal Tax Credit Factor:	$1.11067

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:	$21,170,013
Actual Eligible Basis:	$21,170,013
Unadjusted Threshold Basis Limit:	$21,295,690
Total Adjusted Threshold Basis Limit:	$31,943,535

Adjustments to Basis Limit:

Required to Pay Prevailing Wages
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 31%

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, the City of Indio, 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	State Tax Credits/Total
$880,673	**$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:

- The project commits to becoming certified under GreenPoint Rated Multifamily Guidelines.
- The project is a new construction or adaptive reuse project that exceeds Title 24 Energy Standards by at least 10%, or is a rehabilitation project not subject to Title 24, that reduces energy use on a per square foot basis by 25% as calculated using a methodology approved by the California Energy
- Develop the project to Green Point Rated 100 Standards.