

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2012 First Round
July 11, 2012

Project Number CA-12-018

Project Name Golden Tee
 Site Address: 3116-3120 Howe Ave.
 Sacramento, CA 95821 County: Sacramento
 Census Tract: 62.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$313,486	\$0
Recommended:	\$313,486	\$0

Applicant Information

Applicant: Howe Avenue Housing Partners, L.P.
 Contact: Darren Berberian
 Address: 3416 Via Oporto, Suite 301
 Newport Beach CA 92663
 Phone: (949) 235-0704 Fax: (949) 419-0952
 Email: dberberian@communitydevpartners.com

General partner(s) or principal owner(s): Community Development Partners
 Foundation for Affordable Housing II, Inc.
 General Partner Type: Joint Venture
 Developer: Community Dev. Partners
 Investor/Consultant: Boston Capital
 Management Agent: Buckingham Property Management

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 2
 Total # of Units: 25
 No. & % of Tax Credit Units: 24 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: N/A
 Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	3	10 %
35% AMI:	3	10 %
40% AMI:	3	10 %
50% AMI:	7	25 %

Information

Set-Aside: N/A
 Housing Type: Seniors
 Geographic Area: Capital and Northern Region
 TCAC Project Analyst: Benjamin Schwartz

Unit Mix

24 1-Bedroom Units
 1 2-Bedroom Units

 25 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>
2 1 Bedroom	30%	30%	\$428
3 1 Bedroom	35%	35%	\$499
3 1 Bedroom	40%	40%	\$571
7 1 Bedroom	50%	45%	\$643
8 1 Bedroom	60%	45%	\$643
1 2 Bedrooms	30%	30%	\$513
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$3,734,457
 Estimated Residential Project Cost: \$3,734,457

Residential

Construction Cost Per Square Foot: \$103
 Per Unit Cost: \$149,378

Construction Financing

<u>Source</u>	<u>Amount</u>
Boston Capital	\$2,069,980
Seller Carryback	\$200,000
Cashflow during construction	\$53,460
Deferred Developer Fee	\$362,150
Tax Credit Equity	\$1,048,867

Permanent Financing

<u>Source</u>	<u>Amount</u>
Boston Capital	\$466,127
Seller Carryback	\$200,000
Cashflow during construction	\$53,460
Deferred Developer Fee	\$36,756
Tax Credit Equity	\$2,978,114
TOTAL	\$3,734,457

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$2,389,314
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$1,060,500
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$3,106,108
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$1,060,500
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$279,550
Maximum Annual Federal Credit, Acquisition:	\$33,936
Total Maximum Annual Federal Credit:	\$313,486
Approved Developer Fee (in Project Cost & Eligible Basis):	\$362,150
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$0.95000

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:	\$3,449,814
Actual Eligible Basis:	\$3,449,814
Unadjusted Threshold Basis Limit:	\$3,978,608
Total Adjusted Threshold Basis Limit:	\$4,456,041

Adjustments to Basis Limit:

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Project has onsite renewable generation estimated to produce 75% or more of annual common area electricity use as indicated in TCAC Regulations.
- Install bamboo, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all kitchens, living rooms, and bathrooms where no VOC adhesives or backing is used
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all common areas

Seismic Upgrading

Tie-Breaker Information

First:	Seniors
Second:	2.541%

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 meet 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, 3.20%. 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

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 has no position on 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
\$313,486	\$0

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
Cost Efficiency	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	14
Within 1/3 mile of a bus stop, service every 30 minutes in rush hours	5	5	5
Within 1/2 mile of public park or community center open to general public	2	2	2
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within 1 mile of medical clinic or hospital	2	2	0
Within 1/4 mile of a pharmacy	2	2	2
In-unit high speed internet service	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
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Sustainable Building Methods	10	10	10
REHABILITATION			
Rehabilitate to improve energy efficiency (change in HERS II rating): 20%	5	5	5
Additional rehab measures: Sustainable Building Mgmt Practices	3	3	3
Additional rehab measures: Individually metered utilities per TCAC	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	147

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.