CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2012 Second Round
October 10, 2012

Project Number	CA-12-142		
Project Name	Coachella Community Homes Apartments		
Site Address:	84720 Avenue 52		
	Coachella, CA 92236	County: Riverside	
Census Tract:	457.050		

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$959,291	$0
Recommended:	$959,291	$0

Applicant Information

Applicant:	Coachella Valley Housing Coalition		
Contact:	John F. Mealey		
Address:	45701 Monroe St., Ste. 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
Investor/Consultant:	Community Economics, Inc.
Management Agent:	Hyder & Company

Project Information

Construction Type:	Rehabilitation-Only
Total # Residential Buildings:	25
Total # of Units:	101
No. & % of Tax Credit Units:	100 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	HUD Project-Based Section 8 (98 units - 99%)

Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	36	35 %
50% AMI (Rural):	63	50 %

Information

Set-Aside:	Rural
Housing Type:	Large Family
Geographic Area:	N/A
TCAC Project Analyst:	Nicola Hil

Unit Mix

9	1-Bedroom Units
44	2-Bedroom Units
48	3-Bedroom Units
101	Total Units

Unit Type & Number		2012 Rents Targeted % of Area Median Income	2012 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
3	1 Bedroom	30%	30%	$376
6	1 Bedroom	50%	50%	$628
16	2 Bedrooms	30%	30%	$452
28	2 Bedrooms	50%	46%	$693
17	3 Bedrooms	30%	30%	$522
29	3 Bedrooms	50%	50%	$871
2	3 Bedrooms	Manager's Unit	Manager's Unit	$0

Project Financing

Estimated Total Project Cost:	$15,537,637	Construction Cost Per Square Foot:	$80
		Per Unit Cost:	$153,838

Construction Financing		**Permanent Financing**	
Source	Amount	Source	Amount
Wells Fargo Bank	$9,908,735	CCRC - Section 8 loan	$2,061,700
HCD CHRP (assumed)	$3,225,437	HCD CHRP (assumed)	$3,225,437
Income from Operations	$100,000	Income from Operations	$100,000
Tax Credit Equity	$1,000,000	PV Credit Equity	$51,722
		Deferred Developer Fee	$29,483
		Tax Credit Equity	$10,069,295
		TOTAL	**$15,537,637**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$8,199,066
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$10,658,785
Applicable Rate:	9.00%
Maximum Annual Federal Credit, Rehabilitation:	$959,291
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,400,000
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	$1.04966

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:	$8,199,066
Actual Eligible Basis:	$10,993,205
Unadjusted Threshold Basis Limit:	$22,489,881
Total Adjusted Threshold Basis Limit:	$22,489,881

Adjustments to Basis Limit: None

Tie-Breaker Information

First:	**Large Family**
Second:	**46.094%**

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, 3.20%. 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:

The project received a waiver of Sections 10325(g)(1)(B) and (H) of the TCAC Regulations such that 44 of the project's two bedroom units may be at 731 square feet and the project's one bedroom units are not required to have dishwashers.

TCAC staff noted that the project's contingency cost as a percentage of the total hard costs exceeds 5% at over 20%. According to the project consultant, the applicant built a high contingency cost into the budget due to the uncertainty of rehabilitation work in the project's region.

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 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	State Tax Credits/Total
$959,291	**$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**
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 1/3 mile of a regular bus stop or rapid transit system stop	3	3	3
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Large Family proj. w/i ¼ mile of public elem. school project children may atte	3	3	3
Within 1 mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	1	1	1
Service Amenities	**10**	**10**	**10**
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, minimum 60 hrs/yr instruction	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	**10**	**10**	**10**
REHABILITATION			
Rehabilitate to improve energy efficiency (change in HERS II rating): 30%	10	10	10
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.