

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2012 Second Round

October 10, 2012

REVISED

Project Number CA-12-147

Project Name Garden Village
Site Address: 6601 & 6701 Sunnyslope Dr.
Sacramento, CA 95828 County: Sacramento
Census Tract: 48.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$790,029	\$2,633,429
Recommended:	\$790,029	\$2,633,429

Applicant Information

Applicant: Garden Village Associates, L.P.
Contact: Meea Kang
Address: 9 Cushing, Suite 200
Irvine, CA 92618
Phone: (415) 856-0010 Fax: (415) 856-0264
Email: meea@domusd.com

General partner(s) or principal owner(s): Domus GP LLC
AHCDC Bixel LLC
General Partner Type: Joint Venture
Developer: Domus Development, LLC
Investor/Consultant: Alliant Capital, LTD
Management Agent: Domus Management Company

Project Information

Construction Type: Rehabilitation-Only
Total # Residential Buildings: 19
Total # of Units: 195
No. & % of Tax Credit Units: 193 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HOME / CDBG
Affordability Breakdown by Units and % (Lowest Income Points):
30% AMI: 20 10 %
40% AMI: 39 20 %
50% AMI: 78 40 %

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: Capital and Northern Region
 TCAC Project Analyst: Jack Waegell

Unit Mix

50 1-Bedroom Units
 80 2-Bedroom Units
65 3-Bedroom Units
 195 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>
15 1 Bedroom	60%	45%	\$647
20 1 Bedroom	50%	45%	\$647
10 1 Bedroom	40%	40%	\$571
5 1 Bedroom	30%	30%	\$428
23 2 Bedrooms	60%	43%	\$740
32 2 Bedrooms	50%	43%	\$740
16 2 Bedrooms	40%	40%	\$685
8 2 Bedrooms	30%	30%	\$513
14 3 Bedrooms	60%	47%	\$932
20 3 Bedrooms	50%	47%	\$932
10 3 Bedrooms	40%	40%	\$791
5 3 Bedrooms	30%	30%	\$593
4 3 Bedrooms	60%	48%	\$957
6 3 Bedrooms	50%	48%	\$957
3 3 Bedrooms	40%	40%	\$791
2 3 Bedrooms	30%	30%	\$593
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost:	\$17,088,353
Estimated Residential Project Cost:	\$17,088,353

Residential

Construction Cost Per Square Foot:	\$60
Per Unit Cost:	\$87,633

Construction Financing

Source	Amount
JP Morgan Chase Bank	\$11,700,000
SHRA - HOME	\$1,815,000
SHRA - Assumed CDBG	\$65,397
Deferred Fees and Costs	\$2,110,273
General Partner Equity	\$100
Tax Credit Equity	\$1,397,583

Permanent Financing

Source	Amount
JP Morgan Chase Bank	\$4,800,000
SHRA - HOME	\$1,815,000
SHRA - Assumed CDBG	\$65,397
Deferred Developer Fee	\$807,305
General Partner Equity	\$100
Tax Credit Equity	\$9,600,551
TOTAL	\$17,088,353

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$8,778,096
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$8,778,096
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$790,029
Total State Credit:	\$2,633,429
Approved Developer Fee in Project Cost:	\$1,868,091
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Alliant Capital, LTD
Federal Tax Credit Factor:	\$0.99867
State Tax Credit Factor:	\$0.64964

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:	\$8,778,096
Actual Eligible Basis:	\$13,853,939
Unadjusted Threshold Basis Limit:	\$38,965,380
Total Adjusted Threshold Basis Limit:	\$38,965,380

Adjustments to Basis Limit: None.

Tie-Breaker Information

First:	Large Family
Second:	27.214%

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. 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: This project involves the re-syndication of an existing tax credit project, Willow Pointe Apartments, CA-99-863. The extensive rehabilitation will include reconfiguring the unit mix from 210 total units consisting of 30 one-bedroom units, 180 two-bedroom units, and 0 three-bedroom units into 195 total units consisting of 50 one-bedroom units, 80 two-bedroom units, and 65 three-bedroom units, resulting in a true large family tax credit project.

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, the Sacramento Housing and Redevelopment Agency, 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
\$790,029

State Tax Credits/Total
\$2,633,429

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	9	9
Public Funds	20	11	11
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 ¼ mile of transit stop, service every 30 minutes in rush hours	6	6	6
Within ½ mile of public park or community center open to general public	2	2	2
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Large Family proj. w/i ½ mile of public elementary school project children n	2	2	2
Within 1 mile of medical clinic or hospital	2	2	2
Within ½ mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY HOUSING TYPE			
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.