

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
October 10, 2012**

Project Number CA-12-890

Project Name Gold Country Village
Site Address: 465 Bennett Street
Grass Valley, CA 95945 County: Nevada
Census Tract: 6.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$368,546	\$0
Recommended:	\$368,546	\$0

Applicant Information

Applicant: GVGCV Investors, a California Limited Partnership
Contact: Paul Stamas
Address: 3007 Douglas Blvd., Suite 170
Roseville, CA 95661
Phone: (916) 783-0330 Fax: (916) 783-3739
Email: pzstamas@surewest.net

General partner(s) or principal owner(s): Ionic Enterprises, Inc.
Greek Orthodox Housing Corporation
General Partner Type: Joint Venture
Developer: Ionic Enterprises, Inc.
Investor/Consultant: WNC & Associates
Management Agent: FPI Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 2
Total # of Units: 80
No. & % of Tax Credit Units: 79 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 8
Number of Units @ or below 60% of area median income: 71

Bond Information

Issuer: California Statewide Communities Development Authority
 Expected Date of Issuance: December 15, 2013
 Credit Enhancement: None

Information

Housing Type: Seniors
 Geographic Area: Rural
 TCAC Project Analyst: Nicola Hil

Unit Mix

40 1-Bedroom Units
 40 2-Bedroom Units

 80 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>
4 1 Bedroom	50%	50%	\$681
8 1 Bedroom	55%	55%	\$749
28 1 Bedroom	60%	60%	\$817
4 2 Bedrooms	50%	50%	\$817
8 2 Bedrooms	55%	55%	\$899
27 2 Bedrooms	60%	58%	\$941
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$9,599,377 Construction Cost Per Square Foot: \$92
 Per Unit Cost: \$119,992

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Umpqua Bank	\$7,915,352	Umpqua Bank	\$5,350,280
Deferred Reserves	\$159,515	Deferred Developer Fee	\$784,762
Deferred Developer Fee	\$831,643	Tax Credit Equity	\$3,464,335
Tax Credit Equity	\$692,867	TOTAL	\$9,599,377

Determination of Credit Amount(s)

Requested Eligible Basis: \$8,859,287
 130% High Cost Adjustment: Yes
 Applicable Fraction: 100.00%
 Qualified Basis: \$11,517,073
 Applicable Rate: 3.20%
 Maximum Annual Federal Credit: \$368,546
 Approved Developer Fee (in Project Cost & Eligible Basis): \$1,155,559
 Investor/Consultant: WNC & Associates
 Federal Tax Credit Factor: \$0.94000

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:	\$8,859,287
Actual Eligible Basis:	\$8,859,287
Unadjusted Threshold Basis Limit:	\$16,797,520
Total Adjusted Threshold Basis Limit:	\$21,116,283

Adjustments to Basis Limit:

- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 10%

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 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:

The applicant’s estimate of the 3-month operating reserve shown in the application development budget is slightly below TCAC’s minimum. The applicant is cautioned that the 3-month operating reserve must meet the TCAC required minimum at the placed-in-service review.

Local Reviewing Agency:

The Local Reviewing Agency, Ciy of Grass Valley, 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
\$368,546	\$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 a reservation 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:

- Contracts for services

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:

- Develop project in accordance w/ requirements of: GreenPoint Rated
- Energy efficiency beyond CA Building Code Title 24 requirements: 17.5%.
- Develop project to requirements of: GreenPoint Rated Multifamily Guidelines 100.