CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 14, 2012
REVISED

Project Number CA-12-899

Project Name Vintage at Kendall Apartments
Site Address: 1095 Kendall Drive
San Bernardino, CA 92407 County: San Bernardino
Census Tract: 46.030

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$590,896	$0
Recommended:	$590,896	$0

Applicant Information
Applicant: San Bernardino 611, L.P.
Contact: Geoffrey C. Brown
Address: 2440 Professional Drive
Roseville, CA 95661
Phone: (916) 724-3836 Fax: (916) 773-5866
Email: gbrown@usapropfund.com

General partner(s) or principal owner(s): USA San Bernardino 611, Inc.
Riverside Charitable Corporation
General Partner Type: Joint Venture
Developer: USA Multi-Family Development, Inc.
Investor/Consultant: Boston Financial
Management Agent: USA Multifamily Management, Inc.

Project Information
Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 13
Total # of Units: 178
No. & % of Tax Credit Units: 176 100%
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: 36
Number of Units @ or below 60% of area median income: 140

Bond Information

Issuer:	CalHFA
Expected Date of Issuance:	December 13, 2012
Credit Enhancement:	CalHFA & FHA Risk Share

Information

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

Unit Mix

104	1-Bedroom Units
74	2-Bedroom Units
178	Total Units

Unit Type & Number		2012 Rents Targeted % of Area Median Income	2012 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
20	1 Bedroom	50%	20%	$256
1	1 Bedroom	50%	47%	$586
83	1 Bedroom	60%	60%	$753
15	2 Bedrooms	50%	44%	$670
57	2 Bedrooms	60%	60%	$904
2	2 Bedrooms	Manager's Unit	Manager's Unit	$807

Project Financing	
Estimated Total Project Cost:	$20,767,530
Estimated Residential Project Cost:	$20,767,530

Residential	
Construction Cost Per Square Foot:	$35
Per Unit Cost:	$116,672

Construction Financing

Source	Amount
CalHFA Preservation Program	$10,580,000
MHSA - SHP	$2,339,720
Construction Period Income	$1,077,153
Deferred Developer Fee	$2,238,047
Tax Credit Equity	$4,532,610

Permanent Financing

Source	Amount
CalHFA Preservation Program	$10,580,000
MHSA - SHP	$2,339,720
Construction Period Interest	$1,077,153
Deferred Developer Fee	$1,038,966
Tax Credit Equity	$5,731,691
TOTAL	**$20,767,530**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$5,343,657
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$11,814,703
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$6,946,754
Applicable Rate:	3.20%
Qualified Basis (Acquisition):	$11,814,703
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	$212,723
Maximum Annual Federal Credit, Acquisition:	$378,070
Total Maximum Annual Federal Credit:	$590,896
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,238,047
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	$0.97000

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:	$17,158,360
Actual Eligible Basis:	$17,158,360
Unadjusted Threshold Basis Limit:	$34,350,352
Total Adjusted Threshold Basis Limit:	$41,220,422

Adjustments to Basis Limit:

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 20%

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 are below the minimum operating expenses established in the Regulations as allowed under regulation section 10327(g)(1), 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: This project is a re-synidication of an existing tax credit project known as, Victoria Woods-San Bernardino,CA-94-906.

This project has received waivers of the Minimum Construction Standards under regulation section 10326(g)(6), as described in regulation section 10325(f)(7), for the following items listed by the regulation section 10325(f)(7) subsections: (C) landscaping, (D) roofs, (E) exterior doors, and (K) insulation.

The project's estimated operating expenses at $3,301 per unit per year are 15% below the TCAC operating expense minimum of $3,600 per unit per year as permitted under regulation section 10327(g)(1) on concurrence by the equity investor and the permanent lender.

Local Reviewing Agency:
The Local Reviewing Agency, the City of San Bernardino, 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
$590,896	**$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:

- Educational classes
- Bona fide service coordinator

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 is a rehabilitation project not subject to Title 24, that reduces energy use on a per square foot basis by 20% as calculated using a methodology approved by the California Energy Commission.