CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
March 13, 2013

Project Number	CA-13-812

Project Name	Voorhis Village Apartments	
Site Address:	653 East Juanita Avenue	
	San Dimas, CA 91773	County: Los Angeles
Census Tract:	3.044	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$443,096	$0
Recommended:	$443,096	$0

Applicant Information

Applicant:	San Dimas Community Partners, LP	
Contact:	Anand Kannan	
Address:	17782 Sky Park Circle	
	Irvine, CA 92614	
Phone:	714-665-5565	Fax: 714-662-4412
Email:	akannan@wncinc.com	

General partner(s) or principal owner(s):	JHC-Acquistions, LLC
	WNC- San Dimas Partners G/P, LLC
General Partner Type:	Joint Venture
Developer:	WNC Community Preservation Partners, LLC
Investor/Consultant:	WNC & Associates
Management Agent:	Professional Property Management

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	9
Total # of Units:	65
No. & % of Tax Credit Units:	64 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / Project-Based Section 8 Contract (21 units - 33%)
HCD MHP Funding:	No
55-Year Use/Affordability:	Yes

Number of Units @ or below 50% of area median income: 21
Number of Units @ or below 60% of area median income: 43

Bond Information

Issuer:	California Statewide Community Development Authority
Expected Date of Issuance:	May 1, 2013
Credit Enhancement:	N/A

Information

Housing Type:	At-Risk
Geographic Area:	Los Angeles County
TCAC Project Analyst:	Nicola Hil

Unit Mix

9	1-Bedroom Units
24	2-Bedroom Units
20	3-Bedroom Units
12	4-Bedroom Units
65	Total Units

Unit Type & Number		2013 Rents Targeted % of Area Median Income	2013 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
4	1 Bedroom	50%	50%	$776
5	1 Bedroom	60%	60%	$932
9	2 Bedrooms	50%	50%	$932
15	2 Bedrooms	60%	60%	$1,119
4	3 Bedrooms	50%	50%	$1,076
15	3 Bedrooms	60%	60%	$1,292
4	4 Bedrooms	50%	50%	$1,201
8	4 Bedrooms	60%	60%	$1,441
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Financing

Estimated Total Project Cost:	$14,314,936	Construction Cost Per Square Foot:	$36
		Per Unit Cost:	$220,230

Construction Financing		**Permanent Financing**	
Source	Amount	Source	Amount
Citi	$9,500,000	Citi	$9,500,000
Cash flow from operations	$253,333	Cash flow from operations	$253,333
Deferred Developer Fee	$1,666,068	Deferred Developer Fee	$186,030
Tax Credit Equity	$2,895,535	Tax Credit Equity	$4,375,573
		TOTAL	**$14,314,936**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$3,581,558
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$9,200,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$4,656,026
Applicable Rate:	3.20%
Qualified Basis (Acquisition):	$9,200,000
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	$148,696
Maximum Annual Federal Credit, Acquisition:	$294,400
Total Maximum Annual Federal Credit:	$443,096
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,666,068
Investor/Consultant:	WNC & Associates
Federal Tax Credit Factor:	$0.98750

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:	$12,781,558
Actual Eligible Basis:	$12,781,558
Unadjusted Threshold Basis Limit:	$18,572,918
Total Adjusted Threshold Basis Limit:	$24,516,252

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: 32%

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, though below TCAC's minimum operating expenses established in the Regulations, are acceptable to the project's tax credit investor. 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 project's estimated operating expenses at $4,362 are 15% below the TCAC operating expense minimum of $4,800 per unit 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 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**
$443,096	**$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: None