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

Project Number CA-13-813

Project Name Orange Tree Senior Apartments
Site Address: 1511 Robinson Street
Oroville, CA 95965 County: Butte
Census Tract: 28.000

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$463,061	$0
Recommended:	$463,061	$0

Applicant Information

Applicant: Orange Tree Senior Apartments, L.P.
Contact: Mary Stompe
Address: 951 Petaluma Boulevard South
Petaluma, CA 94952
Phone: 707.762.2336 Fax: 707.762.4657
Email: marys@pephousing.org

General partner(s) or principal owner(s): Caulfield Lane Senior Housing, Inc.
General Partner Type: Nonprofit
Developer: Petaluma Ecumenical Properties
Investor/Consultant: California Housing Partnership Corporation
Management Agent: Petaluma Ecumenical Properties

Project Information

Construction Type: New Construction
Total # Residential Buildings: 2
Total # of Units: 50
No. & % of Tax Credit Units: 49 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD Section 202 / HUD PRAC (49 Units / 100%)
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 49

Bond Information

Issuer: California Affordable Housing Agency
Expected Date of Issuance: June 1, 2013
Credit Enhancement: N/A

Information

Housing Type:	Seniors
Geographic Area:	Capital and Northern Region
TCAC Project Analyst:	Connie Osorio

Unit Mix

49	1-Bedroom Units
1	2-Bedroom Units
50	Total Units

Unit Type & Number		2013 Rents Targeted % of Area Median Income	2013 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
49	1 Bedroom	50%	28%	$304
1	2 Bedrooms	Manager's Unit	Manager's Unit	$0

Project Financing

Estimated Total Project Cost:	$13,285,648
Estimated Residential Project Cost:	$13,285,648

Residential

Construction Cost Per Square Foot:	$204
Per Unit Cost:	$265,713

Construction Financing

Source	Amount
Wells Fargo Bank	$9,823,000
City of Oroville	$1,075,000
City of Oroville Interest	$53,750
Deferred Developer Fee	$1,732,721
Tax Credit Equity	$601,177

Permanent Financing

Source	Amount
HUD 202 Capital Advance	$7,522,100
City of Oroville	$1,075,000
City of Oroville Interest	$53,750
General Partner Equity	$10,000
Tax Credit Equity	$4,624,798
TOTAL	**$13,285,648**

Determination of Credit Amount(s)

Requested Eligible Basis:	$11,131,272
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$14,470,654
Applicable Rate:	3.20%
Total Maximum Annual Federal Credit:	$463,061
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,453,312
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$0.99874

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:	$11,131,272
Actual Eligible Basis:	$11,131,272
Unadjusted Threshold Basis Limit:	$8,990,136
Total Adjusted Threshold Basis Limit:	$17,980,272

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: 100%

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 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: None

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
$463,061	**$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:

- 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 commits to becoming certified under the following program:
  GreenPoint Rated Multifamily Guidelines 100

- The project is a new construction project that exceeds Title 24 Energy Standards by at least 20%.