CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
March 19, 2014

Project Number	CA-14-812

Project Name	Valley View Apartments				
Site Address:	2148 Jasmine Street				
	Delano,	CA	93215	County:	Kern
Census Tract:	49.020				

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$266,142	$0
Recommended:	$266,142	$0

Applicant Information

Applicant:	CH Valley View Partners, L.P.		
Contact:	Eric Miller		
Address:	18757 Burbank Blvd., Suite 102		
	Tarzana, CA 91356		
Phone:	(818) 774-1550	Fax:	(818) 744-1555
Email:	emiller@carehousingservices.org		

General Partner(s) or Principal Owner(s):	CARE Housing Services Services GP, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	CARE Housing Services Corp.
Developer:	The Hampstead Group, Inc.
Investor/Consultant:	WNC & Associates, Inc
Management Agent:	Edgewood Management Corp.

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	13
Total # of Units:	90
No. & % of Tax Credit Units:	89 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-Based Contract (89 units - 98%)
HCD MHP Funding:	No
55-Year Use/Affordability:	Yes

Number of Units @ or below 50% of area median income: 18
Number of Units @ or below 60% of area median income: 71

Bond Information

Issuer:	CSCDA
Expected Date of Issuance:	April 15, 2013
Credit Enhancement:	N/A

Information

Housing Type:	Non-Targeted
Geographic Area:	Central Valley Region
TCAC Project Analyst:	Benjamin Schwartz

Unit Mix

72	2-Bedroom Units
18	3-Bedroom Units
90	Total Units

Unit Type & Number		2014 Rents Targeted % of Area Median Income	2014 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
14	2 Bedrooms	50%	50%	$616
57	2 Bedrooms	60%	56%	$695
4	3 Bedrooms	50%	50%	$711
14	3 Bedrooms	60%	59%	$832
1	2 Bedrooms	Manager's Unit	Manager's Unit	$640

Project Financing

Estimated Total Project Cost:	$9,487,663
Estimated Residential Project Cost:	$9,487,663

Residential

Construction Cost Per Square Foot:	$26
Per Unit Cost:	$105,418

Construction Financing

Source	Amount
Citibank	$5,000,000
Assumed OAHP Loan	$1,960,347
Income During Construction	$421,512
Replacement Reserves	$591,000
Deferred Developer Fee	$764,305
Tax Credit Equity	$750,499

Permanent Financing

Source	Amount
Citibank	$3,597,606
Assumed OAHP Loan	$1,960,347
Income During Construction	$421,512
Energy Rebates and Subsidies	$139,668
Replacement Reserves	$591,000
Deferred Developer Fee	$275,866
Tax Credit Equity	$2,501,664
TOTAL	**$9,487,663**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$3,046,302
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$4,357,339
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$3,960,193
Applicable Rate:	3.20%
Qualified Basis (Acquisition):	$4,357,339
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	$126,708
Maximum Annual Federal Credit, Acquisition:	$139,434
Total Maximum Annual Federal Credit:	$266,142
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,058,774
Investor/Consultant:	WNC & Associates, Inc
Federal Tax Credit Factor:	$0.93997

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:	$7,403,642
Actual Eligible Basis:	$7,403,642
Unadjusted Threshold Basis Limit:	$20,832,768
Total Adjusted Threshold Basis Limit:	$24,999,322

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 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
$266,142	**$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 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 improve energy efficiency above the modeled energy consumption of the building(s) by a 15% decrease, based on an estimated annual energy use, in the buildings Home Energy Rating System II (HERSII) post rehabilitation.
- The rehabilitation project commits to including photovoltaic (PV) generation that offsets 50% of common area load (if the combined available roof area of the project structures, including carports, is insufficient for provision of 50% of annual common area electricity use then the project shall have onsite renewable generation based on at least 90% of the available solar accessible roof area).