

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2007 Second Round Cycle**  
**September 26, 2007**

**Project Number**      CA-2007-188

**Project Name**      Woodlake Family Apartments  
Site Address:      700 W. Sierra Avenue  
                            Woodlake, CA 93286      County: Tulare  
Census Tract:      7.02

**Applicant Information**

Applicant:      700 W. Sierra Ave., L.P.  
Contact:      David Sclafani  
Address:      15303 Ventura Blvd., Suite 1100  
                            Sherman Oaks, CA 91403  
Phone:      (818) 905-2430      Fax: (818) 905-2440  
General Partner Type: Nonprofit

**Information**

Set-Aside:      Rural  
Housing Type:      Large Family  
Geographic Area: N/A

**Eligible Basis**

Requested:      \$11,726,050  
Actual:      \$11,726,050  
Maximum Permitted:      \$13,175,484

**Adjustments to Threshold Basis Limit:**

Required to Pay Prevailing Wages       Local Impact Fees   
3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$934,332	\$3,377,102
Recommended:	\$934,332	\$3,377,102

**Project Information**

Construction Type:      New Construction  
Federal Subsidy:      None  
Total # of Units:      68  
Total # Residential Buildings: 5

**Income/Rent Targeting**

Federal Set-Aside Elected:      40%/60%  
% & No. of Tax Credit Units:      100% - 67 units  
Breakdown by %:      10% @ 30%, 15% @ 45%, 50% @ 50%

<b>Selection Criteria</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b><i>Cost Efficiency/Credit Reduction/Public Funds</i> Maximum 20 points</b>	<b>20</b>	<b>20</b>	<b>20</b>
<input checked="" type="checkbox"/> Cost Efficiency	18	11	11
<input checked="" type="checkbox"/> Credit Reduction	20	4	4
<input checked="" type="checkbox"/> Public Funds	18	5	5
<b><i>Owner / Management Characteristics</i> Maximum 9 points</b>	<b>9</b>	<b>9</b>	<b>9</b>
<input checked="" type="checkbox"/> General Partner Experience	6	6	6
<input checked="" type="checkbox"/> Management Experience	3	3	3
<b><i>Housing Needs</i> Maximum 10 points</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b><i>Site Amenities</i> Maximum 15 points</b>	<b>15</b>	<b>15</b>	<b>15</b>
<input checked="" type="checkbox"/> Within 500 feet of a regular bus stop or rapid transit system stop	4	4	4
<input checked="" type="checkbox"/> Rural project within 1 mile of public park	2	2	2
<input checked="" type="checkbox"/> Within ½ mile of public library	3	3	3
<input checked="" type="checkbox"/> Rural project within 1 mile of a full-scale grocery store w/staples, fresh meat/produce	3	3	3
<input checked="" type="checkbox"/> Rural Large Family project within ½ mile of public school project children may attend	3	3	3
<input checked="" type="checkbox"/> Rural project within 1 mile of medical clinic or hospital	3	3	3
<input checked="" type="checkbox"/> Rural project within 1 mile of a pharmacy	1	1	1
<b><i>Service Amenities</i> Maximum 10 points</b>	<b>10</b>	<b>10</b>	<b>10</b>
<input checked="" type="checkbox"/> After school programs of an ongoing nature for school age children	5	5	5
<input checked="" type="checkbox"/> Educational classes (e.g. ESL, Computer training, etc. and aren't same as After School)	5	5	5
<b><i>Sustainable Building Methods</i> Maximum 8 points</b>	<b>8</b>	<b>8</b>	<b>8</b>
<input checked="" type="checkbox"/> Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
<input checked="" type="checkbox"/> No-VOC interior paint	1	1	1
<input checked="" type="checkbox"/> Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
<input checked="" type="checkbox"/> Recycled materials incorporated into: concrete, carpet, road base or landscape	1	1	1
<input checked="" type="checkbox"/> Rainwater retention at ½ inch rainfall per 24-hour period	1	1	1
<input checked="" type="checkbox"/> Construction Indoor Air Quality Management plan	2	2	2
<b><i>Lowest Income</i> Maximum 52 points</b>	<b>52</b>	<b>52</b>	<b>52</b>
<input checked="" type="checkbox"/> Basic Targeting	50	50	50
<input checked="" type="checkbox"/> Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b><i>Readiness to Proceed</i> Maximum 20 points</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b><i>State credit substitution</i> Maximum 2 points</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Points</b>	<b>146</b>	<b>146</b>	<b>146</b>

**Tie-Breaker Information**

Tie-Breaker Categories Apply to this Project: **Yes**

First: Housing Type **Large Family**

Second: Calculated Ratio per Regulation 10325(c)(12) **85.649%**

<u>Unit Type &amp; Number</u>	<u>2007 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 Two-bedroom Units	30%	\$348
6 Two-bedroom Units	45%	\$522
17 Two-bedroom Units	50%	\$580
7 Two-bedroom Units	60%	\$696
4 Three-bedroom Units	30%	\$401
6 Three-bedroom Units	45%	\$602
17 Three-bedroom Units	50%	\$669
6 Three-bedroom Units	60%	\$802
1 Three-bedroom Unit	Manager's unit	\$753

The general partner or principal owner is Corporation for Better Housing.

The project developer is Corporation for Better Housing.

The management agent is Beacon Property Management.

The market analyst is Novogradac & Company, LLP.

The Local Reviewing Agency, the City of Woodlake, has completed a site review of this project and supports this project.

### Project Financing

Estimated Total Project Cost: \$15,133,354 Per Unit Cost: \$222,549 Construction Cost Per Sq. Foot: \$153

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
SHS Capital, L.P.	\$9,500,000	Citibank	\$2,007,385
AHP	\$792,000	AHP	\$792,000
Investor Equity	\$4,119,242	Deferred Developer Fee	\$377,967
		Investor Equity	\$11,956,002
		<b>TOTAL</b>	<b>\$15,133,354</b>

### Determination of Credit Amount(s)

Requested Eligible Basis:	\$11,726,050
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Basis Credit Reduction (4%)	\$469,042
Qualified Basis:	\$11,257,008
Applicable Rate:	8.30%
Total Maximum Annual Federal Credit:	\$934,332
Total State Credit:	\$3,377,102
Approved Developer Fee:	\$1,000,000
Tax Credit Factor:	\$0.93990

Applicant requests and staff recommends annual federal credits of \$934,332 and total state credits of \$3,377,102, based on a qualified basis of \$11,257,008 and a funding shortfall of \$11,956,002.

### Cost Analysis and Line Item Review

The requested eligible basis \$11,726,050 is below TCAC's threshold basis limit \$13,175,484. The basis limit was increased by the following extraordinary features: projects that are required to pay state or federal prevailing wages, local development impact fees, the adjustment for projects with 3 or more energy efficiency/resource conservation/indoor air quality items, using a Minimum Efficiency Report Value (MERV) 8 or higher air filter for HVAC systems that introduce outside air, using Energy Star rated refrigerators, dishwashers, clothes washers, furnaces and air conditioners, using at least four recycled products listed in the Construction, Flooring, or Recreation section of the California Integrated Waste Management Board's Recycled Content Products Database. 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 8.30% 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

**Legal Status:** Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

**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/Annual	State/Total
\$934,332	\$3,377,102

### Standard Conditions

An application for a carryover allocation must be submitted by [October 31, 2007](#), as required by regulation section 10328(d), together with the applicable allocation fee and all required documentation. The time for meeting the "10%" test and submitting related documentation will be no later than six (6) months after the date of the executed carryover allocation (as defined by IRC Section 42 and IRS Notices). The applicant must ensure the project meets all Additional Threshold Requirements for the housing type of the proposed project.

The applicant must submit all documentation required for a Final Reservation no later than February 1 of the year that the building(s) must be placed in service pursuant to Section 42(h)(E)(i) of the Internal Revenue Code of 1986, as amended. The applicant shall provide the Committee a Final Reservation application providing the documentation for the project set forth in Section 10322(i)(1) of these regulations. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation fee calculated in accordance with regulation. The performance deposit must be paid by cashier's check within 20 calendar days of any preliminary reservation. The allocation fee must be paid within a time period specified in the preliminary reservation letter. The allocation fee will be due prior to execution of a carryover allocation or issuance of tax forms, whichever comes first. 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.

If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants.

Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(8) at project completion.

Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2)(P) at project completion.

**Additional Conditions:**

Applicants that received 20 points for readiness to proceed must meet ALL of the following requirements. The applicant must be ready to begin construction within 150 days of the Credit Reservation which is **February 22, 2008**, as evidenced by submission, within that time of, recorded deeds of trust for all construction financing, payment of all construction lender fees, issuance of building permits and notice to proceed delivered to the contractor. Failure to meet this timeline will result in rescission of the Credit Reservation.

**Project Analyst: Dave Heng**