CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
June 20, 2008

Project Number CA-2008-863

Project Name Lamont Family Apartments
Address: 7200 Di Giorgio Road
Lamont, CA 93241 County: Kern

Applicant Information
Applicant: 7200 Di Giorgio Rd., L.P.
Contact David Sclafani
Address: 15303 Ventura Boulevard, Suite 1100
Sherman Oaks, CA 91403
Phone: (818) 905-2430 Fax: (818) 905-2440
Sponsors Type: Nonprofit

Bond Information
Issuer: California Statewide Communities Development Authority
Expected Date of Issuance: August 2008
Credit Enhancement: None

Eligible Basis
Actual: $14,788,800
Requested: $14,788,800
Maximum Permitted: $32,338,207

Extra Feature Adjustments:
Required to Pay Prevailing Wages: 20%
55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted Between 50% AMI & 36% AMI: 90% of units
55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted at 35% AMI or below: 10% of units

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$692,116	$0
Recommended:	$692,116	$0

Project Information
Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 64
Total # Residential Buildings: 4

Income/Rent Targeting
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 63 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 63

Unit Type & Number		2008 Rents % of Area Median Income	Proposed Rent (including utilities)
4	Two-Bedroom	30%	$363
4	Two-Bedroom	40%	$484
7	Two-Bedroom	45%	$544
17	Two-Bedroom	50%	$605
2	Three-Bedroom	30%	$419
5	Three-Bedroom	40%	$559
7	Three-Bedroom	45%	$629
17	Three-Bedroom	50%	$699
1	Three-Bedroom	Manager's Unit	$812

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

The project developer is Corporation for Better Housing.

The management services will be provided by Beacon Property Management.

The market analysis was provided by Novogradac & Company, LLP.

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.

Project Financing
Estimated Total Project Cost: $15,729,172 Per Unit Cost: $245,768 Construction Cost Per Sq. Foot: $174

Construction Financing Source	Amount	Permanent Financing Source	Amount
Alliant Mortgage Company, LLC - Tax Exempt Bonds	$12,000,000	EF&A Funding LLC	$1,586,000
HCD - Joe Serna Program	$1,350,000	HCD - Joe Serna Program	$6,013,340
FHLB AHP Award	$729,000	County of Kern - HOME	$1,400,000
Investor Equity	$1,051,598	FHLB AHP Award	$729,000
		Deferred Developer Fee	$49,231
		Investor Equity	$5,951,601
		TOTAL	$15,729,172

Determination of Credit Amount(s)

Requested Eligible Basis:	$14,788,800
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	$19,225,440
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	$692,116
Approved Developer Fee:	$919,000
Tax Credit Factor: Alliant Capital	$0.86

Applicant requests and staff recommends annual federal credits of $692,116 based on a qualified basis of $19,225,440 and a funding shortfall of $5,951,601.

Cost Analysis and Line Item Review
The requested eligible basis $14,788,800 is below TCAC's adjusted threshold basis limit $32,338,207. The basis limit includes the adjustment for extraordinary features for projects that are required to pay state or federal prevailing wages, 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted between 50% AMI & 36% AMI, and 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted at 35% AMI & below. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitation.

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 3.60% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

Special Issues/Other Significant Information: None

Recommendation: Staff recommends that the Committee make a 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
$692,116	**$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 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 will be permitted without the express approval of TCAC.

The applicant must pay TCAC an allocation 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 anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

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 credits 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 an after school program and educational classes (computer training, ESL classes, etc.) 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.

Project Analyst: GF