CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
July 16, 2008

Project Number CA-2008-876

Project Name Rancho Workforce Apartments
Site Address: 10220 Foothill Blvd.
Rancho Cucamonga, CA 91730 County: San Bernardino
Census Tract: 0020.05

Applicant Information
Applicant: Rancho Workforce Housing, L.P.
Contact Richard Whittingham
Address: 9065 Haven Avenue, Suite 100
Rancho Cucamonga, CA 91730
Phone: (909) 483-2444 Fax: (909) 483-2448
Sponsors Type: Joint Venture

Information
Housing Type: Large Family

Bond Information
Issuer: CMFA
Expected Date of Issuance: August 2008
Credit Enhancement: No

Eligible Basis
Actual: $34,158,878
Requested: $34,158,878
Maximum Permitted: $54,484,539

Extra Feature Adjustments:
Local Development Impact Fees: ☒
55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted Between 50% AMI & 36% AMI: 33% ☒
55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 16% ☒

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	$918,196	$0
Recommended:	$918,196	$0

Project Information
Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 166
Total # Residential Buildings: 12

Income/Rent Targeting
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 80% - 131 units
55-Year Use/Affordability Restriction: Yes

Number of Units @ or below 50% of area median income: 66
Number of Units @ or below 60% of area median income: 65

Unit Type & Number	2008 Rents % of Area Median Income	Proposed Rent (including utilities)
12 Two-Bedrooms	35%	$524
23 Two-Bedrooms	45%	$673
43 Two-Bedrooms	60%	$898
10 Three-Bedrooms	35%	$583
21 Three-Bedrooms	45%	$749
22 Three-Bedrooms	60%	$999
2 Three-Bedrooms	Manager's Unit	$0
26 Two-Bedrooms	Market Rate Units	$1,250
7 Three-Bedrooms	Market Rate Units	$1,500

The general partner or principal owners are Southern California Housing Development Corporation of the Inland Empire and Workforce Homebuilders, LLC.

The project developer is National Community Renaissance.

The management services will be provided by National Community Renaissance.

The market analysis was provided by Novogradac & Company.

The Local Reviewing Agency, the City of Rancho Cucamonga Redevelopment Agency, has completed a site review of this project and strongly supports this project.

Project Financing
Estimated Total Project Cost: $45,663,320 Per Unit Cost: $275,080 Construction Cost Per Sq. Foot: $111

Construction Financing Source	Amount	Permanent Financing Source	Amount
Washington Mutual Bank – T.E. Bonds	$24,000,000	Washington Mutual Bank	$9,610,860
Rancho Cucamonga RDA	$15,661,992	Rancho Cucamonga RDA	$27,565,000
Investor Equity	$3,993,730	Deferred Developer Fee	$500,000
		Investor Equity	$7,987,460
		TOTAL	**$45,663,320**

Determination of Credit Amount(s)

Requested Eligible Basis:	$34,158,878
130% High Cost Adjustment:	No
Applicable Fraction:	80%
Qualified Basis:	$27,327,102
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	$918,196
Approved Developer Fee:	$2,500,000
Tax Credit Factor: Hudson Capital	$.8700

Applicant requests and staff recommends annual federal credits of $918,196 based on a qualified basis of $27,327,102 and a funding shortfall of $7,987,460.

Cost Analysis and Line Item Review
The requested eligible basis $34,158,878 is below TCAC's adjusted threshold basis limit $54,484,539. The basis limit includes the adjustment for extraordinary features for local development impact fees, 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
$918,196

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 after school programs and educational classes 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: Stephenie Alstrom/Gina Ferguson