CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 30, 2009

Project Number CA-2009-817

Project Name San Jacinto Senior Apartments
Address: 633 East Main Street
San Jacinto, CA 92583 County: Riverside

Applicant Information

Applicant: RC Investment Group, LP
Contact Janae Smith
Address: 1010 Racquet Club Drive, Suite 103
Auburn, CA 95603
Phone: (530) 308-5282 Fax: (530) 823-7834
Email: mgmsmith0412@sbcglobal.net

Sponsors Type: Joint Venture

Information
Housing Type: At-Risk

Bond Information
Issuer: CSCDA
Expected Date of Issuance: 8/1/2009
Credit Enhancement: No

Eligible Basis
Actual: $3,596,771
Requested: $3,596,771
Maximum Permitted: $9,634,474

Extra Feature Adjustments:
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted Between 50% AMI & 36% AMI: 31.11%

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	$125,887	$0
Recommended:	$125,887	$0

Project Information
Construction Type: Acquisition and Rehabilitation
Federal Subsidy: Tax-Exempt Bond/USDA - RHS
HCD MHP Funding: No
Total # of Units: 46
Total # Residential Buildings: 1

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 45 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 14
Number of Units @ or below 60% of area median income: 31

Unit Type & Number	2009 Rents % of Area Median Income	Proposed Rent (including utilities)
31 One-Bedroom	60%	$574
14 One-Bedroom	50%	$574
1 Two-Bedrooms	Manager's Unit	$0

The general partner(s) or principal owner(s) are RC – 2009, LLC and Quality Housing Development Corporation.

The project developer is Bettencourt Properties.

The management services will be provided by AWI Management Corporation.

The market analysis was provided by PGP Valuation, Inc.

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: $4,324,908 Per Unit Cost: $94,020 Construction Cost Per Sq. Foot: $19

Construction Financing Source	Amount	Permanent Financing Source	Amount
Bonneville Multifamily – T.E. Bonds	$2,030,000	Bonneville Multifamily – T.E. Bonds	$850,000
USDA RD Loan	$2,288,615	USDA RD Loan	$2,288,615
RD Reserves	$20,712	RD Reserves	$69,771
		Deferred Developer Fee	$46,483
		Investor Equity	$1,070,039
		TOTAL	**$4,324,908**

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	$1,017,500
Requested Acquisition Eligible Basis:	$2,579,271
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	$1,017,500
Qualified Acquisition Basis:	$2,579,271
Applicable Rate:	3.50%
Maximum Annual Federal Rehabilitation Credit:	$35,613
Maximum Annual Federal Acquisition Credit:	$90,274

Total Maximum Annual Federal Credit:	$125,887
Approved Developer Fee:	$469,144
Tax Credit Factor: *CSCDA*	$0.8500

Applicant requests and staff recommends annual federal credits of $125,887, based on a qualified rehabilitation basis of $1,017,500, a qualified acquisition basis of $2,579,271, and a funding shortfall of $1,070,039.

Cost Analysis and Line Item Review
The requested eligible basis $3,596,771 is below TCAC's adjusted threshold basis limit $9,634,474. The basis limit includes the adjustment for extraordinary features for 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted between 50% AMI & 36% AMI. 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 3.50% 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: Every Independent Accountant's Report included in the application binder was for the wrong project. They emailed over the correct ones and they were replaced.

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
$125,887	**$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: None

Project Analyst: Benjamin Schwartz