

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2010 First Round

June 9, 2010

Project Number CA-2010-130

Project Name Aldea
Site Address: 2003-2043 South Reservoir Street
Pomona, CA 91766 County: Los Angeles
Census Tract: 4029.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$540,630	\$0
Recommended:	\$540,630	\$0

Applicant Information

Applicant: Far West Industries
Contact: Ira Glasky
Address: 2922 Daimler St.
Santa Ana, CA 92705
Phone: 949-224-1970 Fax: 949-224-1963
Email: iglasky@farwestindustries.com

General partner(s) or principal owner(s): Far West Industries
AOF/Pacific Affordable Housing Corp.
General Partner Type: Joint Venture
Developer: Far West Industries
Investor/Consultant: Lissoy Family Trust
Management Agent: Barker Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 11
Total # of Units: 19
No. & % of Tax Credit Units: 18 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: N/A
30% AMI: 10 %
35% AMI: 10 %
40% AMI: 10 %
45% AMI: 10 %
50% AMI: 10 %

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Los Angeles County
TCAC Project Analyst: Jack Waegell

Unit Mix

10 3-Bedroom Units
<u>9 4-Bedroom Units</u>
19 Total Units

<u>Unit Type & Number</u>	<u>2009 Rents Targeted % of Area Median Income</u>	<u>2009 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 3 Bedrooms	30%	30%	\$618
2 3 Bedrooms	35%	35%	\$721
2 3 Bedrooms	40%	40%	\$824
2 3 Bedrooms	45%	45%	\$927
2 3 Bedrooms	50%	50%	\$1,030
1 4 Bedrooms	30%	30%	\$690
8 4 Bedrooms	60%	60%	\$1,380
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$1,236

Project Financing

Estimated Total Project Cost:	\$10,720,519	Construction Cost Per Square Foot:	\$119
		Per Unit Cost:	\$564,238

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Far West Industries	\$9,626,751	California Bank & Trust	\$5,970,000
Deferred Developer Fee	\$1,093,768	Deferred Developer Fee	\$533,607
		Tax Credit Equity	\$4,216,912
		TOTAL	\$10,720,519

Determination of Credit Amount(s)

Requested Eligible Basis:	\$5,776,002
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Credit Reduction (20%):	\$1,501,761
Qualified Basis:	\$6,007,042
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$540,630
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,118,768
Investor/Consultant:	Lissoy Family Trust
Federal Tax Credit Factor:	\$0.78000

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:	\$5,776,002
Actual Eligible Basis:	\$8,592,724
Unadjusted Threshold Basis Limit:	\$5,372,890
Total Adjusted Threshold Basis Limit:	\$5,776,763

Adjustments to Basis Limit:

3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Projects using CRI Green Label Plus Carpet or no carpet in all bedrooms
- Projects using vent kitchen range hoods to the exterior of the building in at least 80% of the units
- Projects 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

Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Second:	46.122%

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 meet 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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. 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: The applicant, Far West Industries, is providing the project with an annual operating subsidy of \$464,000 in year 1 (increasing at 0.5% per year) for 15-years on all 19 units. The applicant has submitted the required CPA certification that the applicant has these resources available for the project.

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.

Local Reviewing Agency:

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

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
\$540,630	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day Requirements elected, and a Final Reservation. 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. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax

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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. 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)(6) 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) at project completion.

Additional Conditions: None

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Credit Reduction	20	20	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within 500 feet of a regular bus stop or rapid transit system stop	4	4	4
Within ½ mile of public park or community center open to general public	2	2	2
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Large Family proj. w/i ½ mile of public school project children may attend	2	2	2
Within 1 mile of medical clinic or hospital	2	2	2
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
Health/wellness or skill-building classes, minimum instruction of 60 hrs/yr	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	8	8	8
Energy star rated ceiling fans in bedroom/living room; whole house fan	2	2	2
Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
CRI Green-label, low-VOC carpet and pad	1	1	1
Formaldehyde-free insulation	1	1	1
Rainwater retention at ½ inch rainfall per 24-hour period	1	1	1
Project has nonsmoking buildings or contiguous sections w/i a building	1	1	1
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
State Credit Substitution	2	2	2
Total Points	146	146	146

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.