

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**March 16, 2011**

**Project Number** CA-2011-812

**Project Name** Mission Apartments  
 Site Address: 1815-1847 Hancock Street  
 San Diego, CA 92110 County: San Diego  
 Census Tract: 65.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$875,649	\$0
Recommended:	\$875,649	\$0

**Applicant Information**

Applicant: AMCAL Mission Fund, LP  
 Contact: Arjun Nagarkatti  
 Address: 30141 Agoura Road, Suite 100  
 Agoura Hills, CA 91310  
 Phone: 818-706-0694 Fax: 818-865-1813  
 Email: arjun@amcalhousing.com

General partner(s) or principal owner(s): AMCAL Multi-Housing, Inc  
 Las Palmas Foundation  
 General Partner Type: Joint Venture  
 Developer: AMCAL Enterprises, Inc.  
 Investor/Consultant: Bank of America  
 Management Agent: FPI Management Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 85  
 No. & % of Tax Credit Units: 84 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax Exempt Bonds  
 HCD MHP Funding: No  
 55-Year Use/Affordability: Yes  
 Number of Units @ or below 50% of area median income: 9  
 Number of Units @ or below 60% of area median income: 75

**Information**

Housing Type: Large Family  
 Geographic Area: San Diego County  
 TCAC Project Analyst: Nicola Hil

**Bond Information**

Issuer: San Diego Housing Commission  
 Expected Date of Issuance: 5/11/2011  
 Credit Enhancement: None

**Unit Mix**

82 2-Bedroom Units  
 3 3-Bedroom Units  


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 85 Total Units

<u>Unit Type &amp; Number</u>	<u>2010 Rents Targeted % of Area Median Income</u>	<u>2010 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
8 2 Bedrooms	50%	48%	\$849
1 3 Bedrooms	50%	46%	\$944
74 2 Bedrooms	60%	58%	\$1,019
1 3 Bedrooms	60%	56%	\$1,133
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$1,115

**Project Financing**

Estimated Total Project Cost: \$27,066,787      Construction Cost Per Square Foot: \$155  
 Per Unit Cost: \$318,433

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Bonds - Bank of Ameirca	\$13,297,355	Bonds - CCRC	\$6,117,859
San Diego RDA	\$5,400,000	San Diego RDA	\$6,000,000
SD Housing Commission Loan	\$2,600,000	SD Housing Commission Loan	\$2,600,000
SD Housing Commission Land Purchase	\$3,400,000	SD Housing Commission Land Purchase	\$3,400,000
Deferred Operating Reserve	\$451,093	Deferred Developer Fee	\$280,000
Deferred Developer Fee	\$618,000	Tax Credit Equity	\$8,668,928
Tax Credit Equity	\$1,300,339	<b>TOTAL</b>	<b>\$27,066,787</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis: \$21,049,262  
 130% High Cost Adjustment: Yes  
 Applicable Fraction: 100.00%  
 Qualified Basis: \$27,364,041  
 Applicable Rate: 3.40%  
 Maximum Annual Federal Credit: \$875,649  
 Approved Developer Fee (in Project Cost & Eligible Basis): \$1,400,000  
 Investor/Consultant: Bank of America  
 Federal Tax Credit Factor: \$0.99000

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:	\$21,049,262
Actual Eligible Basis:	\$21,049,262
Unadjusted Threshold Basis Limit:	\$20,876,288
Total Adjusted Threshold Basis Limit:	\$30,061,856

**Adjustments to Basis Limit:**

Required to Pay Prevailing Wages

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

- Projects exceeding Title 24 by at least 15%
- Projects using natural linoleum/ceramic tile/natural rubber for all kitchens and bathrooms where no VOC adhesives or backing is used
- Projects using CRI Green Label Plus Carpet or no carpet in all bedrooms

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 10%

**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 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 3.40% 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

**Local Reviewing Agency:**

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.

**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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$875,649</b>	<b>\$0</b>

**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 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 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 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.

**Additional Conditions:** The applicant/owner is required to provide the tenants with educational classes free of charge 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.

The applicant/owner is required to complete the following Sustainable Building Methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the placed-in-service application is submitted:

- No VOC paint
- Low VOC green label carpeting and pad
- Formaldehyde free cabinets or fully sealed on all six side laminates.
- Full Title 24 Credit.