

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**October 19, 2011**

**Project Number** CA-2011-894

**Project Name** Shady Lane Apartments

Site Address: 2401 Shady Lane  
 Anderson, CA 96007  
 Census Tract: 121.000

County: Shasta

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$125,248	\$0
Recommended:	\$125,248	\$0

**Applicant Information**

Applicant: Shady Lane Partners, LP  
 Contact: Cyrus Youssefi  
 Address: 1006 Fourth Street, Suite 701  
 Sacramento, CA 95814  
 Phone: (916) 446-4040 Fax: (916) 446-4044  
 Email: cfyinc@yahoo.com

General partner(s) or principal owner(s): Cyrus Youssefi, Individually  
 Community Revitalization and Development Corp.  
 General Partner Type: Joint Venture  
 Developer: C.F.Y. Development, Inc.  
 Investor/Consultant: WNC & Associates  
 Management Agent: C.F.Y. Development, Inc.

**Project Information**

Construction Type: Acquisition & Rehabilitation  
 Total # Residential Buildings: 7  
 Total # of Units: 34  
 No. & % of Tax Credit Units: 33 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax Exempt  
 HCD MHP Funding: No  
 55-Year Use/Affordability: Yes  
 Number of Units @ or below 50% of area median income: 14  
 Number of Units @ or below 60% of area median income: 19

**Bond Information**

Issuer: CSCDA  
 Expected Date of Issuance: December 12, 2011  
 Credit Enhancement: N/A

**Information**

Housing Type: Large Family  
 Geographic Area: Capital and Northern Region  
 TCAC Project Analyst: Jack Waegell

**Unit Mix**

6 1-Bedroom Units  
 10 2-Bedroom Units  
 18 3-Bedroom Units  


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 34 Total Units

<b>Unit Type &amp; Number</b>	<b>2011 Rents Targeted % of Area Median Income</b>	<b>2011 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
3 1 Bedroom	50%	40%	\$432
2 1 Bedroom	60%	45%	\$490
1 1 Bedroom	60%	54%	\$588
2 2 Bedrooms	50%	44%	\$572
3 2 Bedrooms	60%	44%	\$572
4 2 Bedrooms	60%	55%	\$722
3 3 Bedrooms	50%	40%	\$603
6 3 Bedrooms	50%	50%	\$753
9 3 Bedrooms	60%	56%	\$840
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$3,611,590  
 Estimated Residential Project Cost: \$3,611,590

**Residential**

Construction Cost Per Square Foot: \$31  
 Per Unit Cost: \$106,223

**Construction Financing**

**Permanent Financing**

<b>Source</b>	<b>Amount</b>	<b>Source</b>	<b>Amount</b>
Chase	\$1,967,515	Bonneville Mortgage	\$936,650
HCD - Assumed Loan	\$1,225,201	HCD - Assumed Loan	\$1,225,201
Deferred Developer Fee	\$299,889	Existing Reserves	\$100,000
Tax Credit Equity	\$118,985	Deferred Developer Fee	\$159,885
		Tax Credit Equity	\$1,189,854
		<b>TOTAL</b>	<b>\$3,611,590</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$1,816,310
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$1,322,556
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$2,361,203
Applicable Rate:	3.40%
Qualified Basis (Acquisition):	\$1,322,556
Applicable Rate:	3.40%
Maximum Annual Federal Credit, Rehabilitation:	\$80,281
Maximum Annual Federal Credit, Acquisition:	\$44,967
Total Maximum Annual Federal Credit:	\$125,248
Approved Developer Fee (in Project Cost & Eligible Basis):	\$299,889
Investor/Consultant:	WNC & Associates
Federal Tax Credit Factor:	\$0.95000

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:	\$3,138,866
Actual Eligible Basis:	\$3,138,866
Unadjusted Threshold Basis Limit:	\$8,363,080
Total Adjusted Threshold Basis Limit:	\$11,875,574

**Adjustments to Basis Limit:**

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 42%

**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 3.40% of the qualified basis. 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:** This project involves the resyndication of an existing tax credit project, CA-1992-193, which originally placed-in-service as a tax credit project on July 15, 1994. This resyndication will provide for deeper targeting by increasing the number of units restricted at 50% AMI from 7 units under CA-1992-193 to 14 units under CA-2011-894.

**Local Reviewing Agency:**

The Local Reviewing Agency, City of Anderson, has completed a site review of this project and strongly 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$125,248</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:** None.