

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
May 15, 2013**

Project Number CA-13-846

Project Name Calden Court Apartments
Site Address: 8901 Calden Ave.
South Gate, CA 90280 County: Los Angeles
Census Tract: 5356.030

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,408,569	\$0
Recommended:	\$3,408,569	\$0

Applicant Information

Applicant: South Gate Pacific Associates, a California Limited Partnership
Contact: Caleb Roope
Address: 430 E. State Street, Suite 100
Eagle, ID 83616
Phone: 208-461-0022 Fax: 208-461-3267
Email: calebr@tpchousing.com

General partner(s) or principal owner(s): TPC Holdings V, LLC
TELACU Homes, Inc.
General Partner Type: Joint Venture
Developer: Pacific West Communities, Inc.
Investor/Consultant: Boston Capital
Management Agent: Barker Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 216
No. & % of Tax Credit Units: 214 100.00%
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: 22
Number of Units @ or below 60% of area median income: 192

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: August 15, 2013
 Credit Enhancement: N/A

Information

Housing Type: Large Family
 Geographic Area: Balance of Los Angeles County
 TCAC Project Analyst: Marisol Parks

Unit Mix

71 2-Bedroom Units
 115 3-Bedroom Units
 30 4-Bedroom Units

 216 Total Units

Unit Type & Number	2013 Rents Targeted % of Area Median Income	2013 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
7 2 Bedrooms	50%	50%	\$932
64 2 Bedrooms	60%	60%	\$1,119
12 3 Bedrooms	50%	50%	\$1,076
101 3 Bedrooms	60%	60%	\$1,292
3 4 Bedrooms	50%	50%	\$1,201
27 4 Bedrooms	60%	60%	\$1,441
2 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$85,945,573
 Estimated Residential Project Cost: \$85,945,573

Residential

Construction Cost Per Square Foot: \$320
 Per Unit Cost: \$397,896

Construction Financing

Source	Amount
Red Stone Financial- Series A	\$24,500,000
Red Stone Financial- Series B	\$25,500,000
Red Stone Financial- Series C	\$26,000,000
Deferred Cost	\$1,413,084
Deferred Developer Fee	\$2,500,000
Tax Credit Equity	\$6,032,489

Permanent Financing

Source	Amount
Red Stone Financial- Series A	\$24,500,000
Red Stone Financial- Series C	\$26,000,000
Tax Credit Equity	\$35,445,573
TOTAL	\$85,945,573

Determination of Credit Amount(s)

Requested Eligible Basis:	\$81,936,756
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$106,517,783
Applicable Rate:	3.20%
Total Maximum Annual Federal Credit:	\$3,408,569
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$1.03990

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:	\$81,936,756
Actual Eligible Basis:	\$81,936,756
Unadjusted Threshold Basis Limit:	\$64,514,250
Total Adjusted Threshold Basis Limit:	\$84,607,022

Adjustments to Basis Limit:

- Parking Beneath Residential Units
- Local Development Impact Fees
- 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 3.20% 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: None

Local Reviewing Agency:

The Local Reviewing Agency, City of South Gate, 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:

Federal Tax Credits/Annual	State Tax Credits/Total
\$3,408,569	\$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 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 reservation 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 the following service amenities 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:

- High-speed Internet or wireless (WiFi)