

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2010 Third Round
February 2, 2011

Project Number CA-2011-804

Project Name Heritage Oak Senior Apartments
 Site Address: 730 Old Stockton Road
 Oakdale, CA 95361 County: Stanislaus
 Census Tract: 2.030

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$366,476	\$1,401,231
Recommended:	\$366,476	\$1,401,231

Applicant Information

Applicant: Oakdale Heritage Oak Seniors, LP
 Contact: Christina Alley
 Address: 3351 M Street, Suite 100
 Merced, CA 95348
 Phone: (209) 388-0782 Fax: (209) 385-3770
 Email: chris@centralvalleycoalition.com

General partner(s) or principal owner(s): Central Valley Coalition for Affordable Housing
 General Partner Type: Nonprofit
 Developer: Central Valley Coalition for Affordable Housing
 Investor/Consultant: RBC Capital Markets
 Management Agent: Buckingham Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 50
 No. & % of Tax Credit Units: 49 100%
 Federal Set-Aside Elected: 40%/60% Test
 Federal Subsidy: Tax Exempt / HOME
 Affordability Breakdown by % (Lowest Income Points):
 45% AMI: 35 %
 50% AMI: 40 %

Information

Set-Aside: N/A
 Housing Type: Senior
 Geographic Area: Central Region
 TCAC Project Analyst: Nicola Hil

Bond Information

Issuer: Chase Bank
 Estimated Date of Issuance: January 26, 2011
 Credit Enhancement: None

Unit Mix

40 1-Bedroom Units
 10 2-Bedroom Units

 50 Total Units

Unit Type & Number	2010 Rents Targeted % of Area Median Income	2010 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
16 1 Bedroom	45%	45%	\$502
15 1 Bedroom	50%	48%	\$536
9 1 Bedroom	60%	48%	\$536
2 2 Bedrooms	45%	45%	\$603
5 2 Bedrooms	50%	50%	\$670
2 2 Bedrooms	60%	58%	\$773
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Estimated Total Project Cost: \$11,274,044 Construction Cost Per Square Foot: \$124
 Per Unit Cost: \$225,481

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Chase Bank	\$6,364,823	Bonneville Mortgage	\$911,365
RDA & City Funds	\$2,300,000	RDA & City Funds	\$5,500,000
Deferred Developer Fee	\$1,406,805	Deferred Developer Fee	\$1,160,194
Tax Credit Equity	\$1,202,416	Tax Credit Equity	\$3,702,485
		TOTAL	\$11,274,044

Determination of Credit Amount(s)

Requested Eligible Basis: \$10,778,699
 130% High Cost Adjustment: No
 Applicable Fraction: 100.00%
 Qualified Basis: \$10,778,699
 Applicable Rate: 3.40%
 Maximum Annual Federal Credit: \$366,476
 Total State Credit: \$1,401,231
 Approved Developer Fee in Project Cost: \$1,406,805
 Approved Developer Fee in Eligible Basis: \$1,400,000
 Investor/Consultant: RBC Capital Markets
 Federal Tax Credit Factor: \$0.80000
 State Tax Credit Factor: \$0.55000

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:	\$10,778,699
Actual Eligible Basis:	\$10,778,699
Unadjusted Threshold Basis Limit:	\$8,770,120
Total Adjusted Threshold Basis Limit:	\$17,527,389

Adjustments to Basis Limit:

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

- Projects using natural linoleum/ceramic tile/natural rubber for all kitchens and bathrooms where no VOC adhesives or backing is used
- 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

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 77%

Local Development Impact Fees

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. 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: City certified that project does not require NEPA certification per HUD Regulations Sec. 58.36; HOME are funds being used only for pre-development costs. Applicant calculated service amenities as part of total operating expenses and with a 3.5% annual increase on the 15 year proforma.

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 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:

Federal Tax Credits/Annual	State Tax Credits/Total
\$366,476	\$1,401,231

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.

The applicant must submit all documentation for any 180-day Readiness requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation.

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.

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
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 ft of regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within ¼ mile of public park or community center open to general public	3	3	3
Within ¼ mile of public library	3	3	2
Within ¼ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Senior project within ¼ mile of daily operated senior center/facility	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Within ½ mile of a pharmacy	1	1	1
Service Amenities	10	10	10
Adult educational classes, minimum instruction of 60 hours/year	5	5	5
Health/wellness or skill-building classes, minimum instruction of 60 hrs/yr	5	5	5
Sustainable Building Methods	8	8	8
New construction/adaptive reuse energy efficiency 10% above Title 24	4	4	4
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
Project has nonsmoking buildings or contiguous sections w/i a building	1	1	1
Lowest Income	52	40	40
Basic Targeting	50	40	40
Readiness to Proceed	20	20	20
Total Points	124	112	112

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.**