
2010 9% Application

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Demonstrated Site Control

TAB 1

- Current title report
AND, if no site control:
- Executed purchase/sale option contract
- Executed lease agreement, DDA with public agency
- Evidence of land value (tiebreaker)
 - Includes donated and leased land

Section 10325(f)(2)

Financial Feasibility

TAB 2

- Financing plan - narrative
- 15-year pro forma
- Common errors:
 - Operating reserve calculation: Annual hard debt service + annual operating expense x 25%
 - Separate cash flow projections for residential and commercial
 - Commercial should not be used to support residential

Sections 10322(h)(15),(22), 10325(f)(5), 10327(c)

Financial Feasibility

TAB 2

- Utility Allowance Estimates
 - Utility allowance calculator
 - Adrian Ownby, California Energy Commission
916-651-3008

Section 10322(h)(20)

Set-Aside Designation

TAB 3

- Non-profit
 - Qualified under IRC Section 42(h)(5)
 - Homeless assistance priority
- Rural
 - <http://www.treasurer.ca.gov/ctcac/methodology.pdf>
 - RHS priority (514, 515, 516)
- Small development
- At-Risk
- Special needs/SRO
 - Qualify for all housing type requirements

Section 10315(b)-(h), 10322(i)

Housing Type Thresholds

TAB 4

- Large Family
- Senior
- SRO
- Special Needs
- At-risk

Section 10325(g)(1)-(5)

Applicant/Development Team

TAB 5

- Sponsorship Characteristics
 - Current financial statements - 2009
 - Organizational documents
 - Legal status questionnaire
 - Identity of interest

Section 10322(h)(3),(6), 10325(f)(6), 10326(g)(5)(A)

Development Team Information

TAB 6

Copies of contracts

- ❑ Executed contracts
- ❑ Accurately dated
- ❑ With the correct project referenced

Section 10325(f)(6)(B)

Rehabilitation and Acquisition Credit Request

TAB 7

ACQUISITION:

- Chain of title report
- 10 year rule
 - Tax professional's opinion
 - Waiver from local officials

Section 10322(i)(3)(A),(B),(C)

Rehabilitation and Acquisition Credit Request

TAB 8

REHABILITATION:

“As Is” appraisal

- ❑ Done 120 days before or after purchase agreement execution or transfer of ownership
- ❑ Includes land value “as if vacant”

■ Underwriting

- ❑ “As is” appraised value
- ❑ Purchase price

Section 10322(i)(4)(A)(i)-(vi)

Rehabilitation and Acquisition Credit Request

TAB 8

Capital Needs Assessment (CNA)

- 180 days before application deadline
- Rehabilitation Summary
 - Address immediate needs rehabilitation to be done and any planned long term replacements
- Greater of \$20,000 in hard costs/unit or 20% of adjusted basis

Section 10322(i)(4)(B)

Rehabilitation and Acquisition Credit Request

TAB 9

Tenant-occupied housing:

- Tenant relocation plan
 - Explanation of relocation requirements
 - Detailed relocation plan
 - Detailed budget with identified funding sources

- When required, compliance with:
 - Uniform Relocation Assistance and Real Property Acquisition Policy Act

Section 10322(i)(5),(6)

Waivers

TABS 10, 11

- Minimum construction standards
- Unit, credit maximums

Section 10325(f)(7), (9)

Site And Project Information

TAB 12

- Physical description
 - Current use, adjacent property, unique features
 - Site, parcel map, color photos
- Project description (Construction & Design)
 - Architectural drawings – project and unit square footage, bedroom count, laundry facilities, play area, commercial space, etc.
- Any additional information for assistance with housing type verification

Section 10322(h)(8)(A)-(F)

Market Analysis

TAB 13

Market study guidelines covered separately

Section 10322(h)(9), 10325(f)(1)(A)

Local Approvals

TAB 14

- Verification of zoning
 - Current
 - Zoned for intended use
 - Within maximum density

Section 10325(f)(4)

Financing Commitments

TAB 15

- Requirement highlights:
 - 15 year minimum for permanent loans
 - Executed by lender and applicant
 - Provide required deferred financing documents
 - Written acceptance for private financing

- Committed funds highlights:
 - ≥50% of acquisition/construction financing **OR**
 - ≥50% of permanent financing less equity

Section 10325(f)(3),(8),10327 (c)(9)

Syndication Information

TAB 16

- Terms of syndication agreement
- Minimum tax credit factors – not blended
 - Federal - \$.70 to .78
 - State - \$.50 to .60
- Credits not syndicated
 - Tax credit factor certification
 - Tax benefits

Section 10322(h)(17)-(19)

Evidence Of Subsidies

TAB 17

Evidence of subsidies – rental and operating

- ❑ Provide a description, including:
 - Source, term
 - Expected annual revenue
 - Number of subsidized units
- ❑ Subsidies should match application p. 20
- ❑ All related commitments securing funds included in application
- ❑ Applicant certification

Section 10322(h)(21)

Threshold Basis Limits & Increases

TAB 18

- Prevailing Wages Required (20%)
- Parking Beneath Residential Units (7%)
- Day Care Center (2%)
- 100% Special Needs (2%)
- 95% Upper Floors – Elevators (10%)
- Exceed Title 24/Energy efficiencies (4%)
- Seismic upgrading –15% max
- Toxic or other environmental – 15% max
- Distributive energy technologies- 5% max

Section 10327(c)(5)(A)

Threshold Basis Limits & Increases

TAB 18

- Complete and sign attachments correctly
- Local development impact fees
- Licensed professional's cost breakdown

Section 10302(nn),(w), 10327(c)(5)(A)-(E)

Eligible Basis Certification

TAB 19

- IRS Technical Advice Memorandum (TAMs)
- Meets requirements of IRC Section 42(h)(1)(E)
- If rehabilitation of existing structures is involved, meets minimum requirements.

Section 10322(h)(16) & 10325(f)(10)

The Points System

Tabs 20-26

Requirements and Certifications

Section 10325(c)(1)-(9)

Point Requirements

- Maximum
 - 146 points for all projects
 - Minimum
 - 121 points for all projects
-

Leveraging

Tab 20

- Maximum 20 points - Any combination of the following:
 - Cost Efficiency
 - Credit Reduction
 - Public Funds

Section 10325(c)(1)(A)-(C)

Leveraging- Cost Efficiency

Tab 20

$$\% \quad - \quad \frac{(\text{Adjusted Threshold Basis Limit} - \text{Total Eligible Basis})}{\text{Adjusted Threshold Basis Limit}}$$

IMPORTANT NOTE:

Total Eligible Basis (*prior to voluntary reduction*)

Section 10325(c)(1)(A)

Leveraging- Cost Efficiency

Tab 20

$$\frac{\$15,000,000 - \$13,258,000}{\$15,000,000} = 11.6\%$$

= 11 points

CONSTRUCTION INTEREST & FEES							
Construction Loan Interest	\$500,000	\$500,000	\$500,000			\$500,000	\$300,000
Origination Fee	\$10,000	\$10,000	\$10,000			\$10,000	\$10,000
Taxes							
Insurance							
Title & Recording	\$10,000	\$10,000		\$10,000		\$10,000	\$10,000
Other: (Specify)							
Other: (Specify)							
Total Construction Interest & Fees	\$520,000	\$520,000	\$510,000	\$10,000		\$520,000	\$320,000
PERMANENT FINANCING							
Total Permanent Financing Costs							
Subtotals Forward	\$11,970,000	\$11,970,000	\$3,960,000	\$5,010,000	\$3,000,000	\$11,970,000	\$10,770,000
LEGAL FEES							
RESERVES							
Rent Reserves							
Capitalized Rent Reserves							
3-Month Operating Reserve	\$200,000	\$200,000	\$200,000			\$200,000	
Other: (Specify)							
Total Reserve Costs	\$200,000	\$200,000	\$200,000			\$200,000	
APPRAISAL							
Total Appraisal Costs	\$10,000	\$10,000	\$10,000			\$10,000	\$10,000
Total Contingency Cost	\$700,000	\$700,000	\$700,000			\$700,000	\$500,000
OTHER PROJECT COSTS							
TCAC App/Allocation/Monitoring Fees	\$200,000	\$200,000	\$200,000			\$200,000	
Local Development Impact Fees	\$500,000	\$500,000			\$500,000	\$500,000	\$500,000
Permit Processing Fees							
Furnishings	\$20,000	\$20,000	\$20,000			\$20,000	\$20,000
Market Study	\$5,000	\$5,000	\$5,000			\$5,000	\$5,000
Accounting/Reimbursables	\$3,000	\$3,000	\$3,000			\$3,000	\$3,000
Soft Cost Contingency	\$100,000	\$100,000	\$100,000			\$100,000	\$50,000
Total Other Costs	\$838,000	\$838,000	\$338,000		\$500,000	\$838,000	\$578,000
SUBTOTAL PROJECT COST	\$13,718,000	\$13,718,000	\$5,208,000	\$5,010,000	\$3,500,000	\$13,718,000	\$11,858,000
DEVELOPER COSTS							
Developer Overhead/Profit	\$1,400,000	\$1,400,000					\$1,400,000
Total Developer Costs	\$1,400,000	\$1,400,000					\$1,400,000
TOTAL PROJECT COSTS	\$15,118,000	\$15,118,000	\$5,208,000	\$5,010,000	\$3,500,000	\$13,718,000	\$13,258,000
Note: Syndication Costs may not be included as a project cost.				Bridge Loan Expense During Construction:			
Calculate Maximum Developer Fee using the eligible basis subtotals.				Total Eligible Basis: \$13,258,000			

Leveraging – Credit Reduction

Tab 20

Example: 10%

$$(1) \quad \text{Qualified Basis} * \underline{10\%} = \text{Credit Reduction Amount}$$

$$(2) \quad \text{Qualified Basis} - \text{Credit Reduction Amount} = \text{Adjusted Qualified Basis}$$

*Adjusted Qualified Basis used when determining maximum credits.

Leveraging – Credit Reduction

Tab 20

	70% PVC for New Construction/ Rehabilitation	30% PVC for Acquisition
Total Eligible Basis:	\$13,258,000	
Ineligible Amounts		
Subtract All Grant Proceeds Used to Finance Costs in Eligible Basis:		
Subtract BMIR Federal Financing of Costs in 9% Eligible Basis:		
Subtract Non-Qualified Non-Recourse Financing:		
Subtract Non-Qualifying Portion of Higher Quality Units:		
Subtract Historic Credit (residential portion only):		
Total Ineligible Amounts:		
Total Eligible Basis Amount Voluntarily Excluded:		
Total Basis Reduction:		
Total Requested Unadjusted Eligible Basis:	\$13,258,000	
*Qualified Census Tract(QCT) or Difficult to Develop Area(DDA) Adjustment:	100%	100%
Total Adjusted Eligible Basis:	\$13,258,000	
Applicable Fraction:	100%	
Qualified Basis:	\$13,258,000	
Total Qualified Basis:	\$13,258,000	
**Total Credit Reduction:	\$1,325,800	
Total Adjusted Qualified Basis:	\$11,932,200	

Leveraging – Public Funds

Tab 20

$$\% = \frac{\text{(Total Committed funds, fee waivers, or value of donated land)}}{\text{Total Project Development Costs}}$$

Section 10325(c)(1)(C)

General Partner Experience

Tab 21

- Maximum 6 points (7 projects > 3 yrs.)
- Attachment 21
- CPA Certification

Section 10325(c)(2)(A)

Management Company Experience

Tab 22

- Maximum 3 points (11 projects > 3 yrs.)
- Attachment 22
- Management Agreement
- Management Training (Up to 2 points)

Site Amenities

Tab 23

- Maximum 15 points
- Requirements:
 - Map with distance measurements
 - Point of reference for bus stop photo
 - Clear color photos
 - Contact person & contact information

Section 10325(c)(5)(A)

Site Amenities

Tab 23

Types of site amenities - 10 total

- Transit*
- Public park
- Public library
- Supermarket, neighborhood market, farmers' market*
- Public school* - family housing type
- Senior facility - senior housing type
- Special needs facility – sp. needs/SRO housing type
- Medical clinic or hospital
- Pharmacy
- High speed internet*

*New regulations

Section 10325(c)(5)(A)(1)-(3)

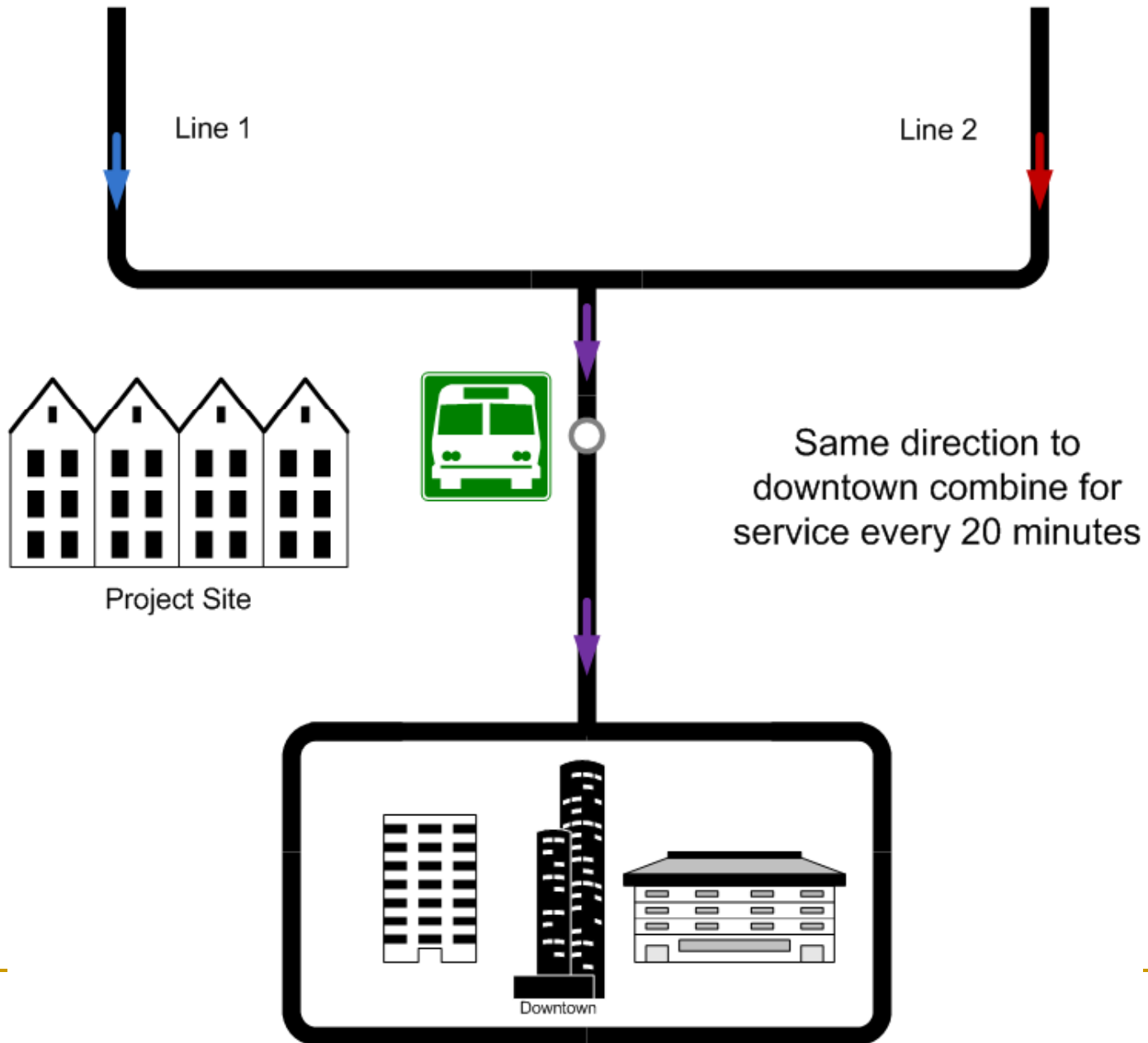
Site Amenities

Tab 23

- Transit example



Transit Stop Frequency



Service Amenities

Tab 24

Sustainable Building Methods

Tab 25

- Maximum 8 points
 - Choose from list of items
- OR
- Develop and commit to certifying the project to one of three programs: LEED, Green Communities, GreenPoint
 - Applicant and Architect statements must correspond

Section 10325(c)(6)

Lowest Income

- Revised table
- Maximum 52 points
 - Points for unit targeting
 - Additional 2 points for 10% @ or below 30% AMI

		Percent of Area Median Income (AMI)						
		**60%	*55%	50%	45%	40%	35%	30%
Percent of Income Targeted Units to Total Tax Credit Units (exclusive of mgr.'s units)	80%	0				45	47.5	50
	75%	0				42.5	45	47.5
	70%	0				40	42.5	45
	65%	0			35	37.5	40	42.5
	60%	0			32.5	35	37.5	40
	55%	0			30	32.5	35	37.5
	50%	0		25*	27.5	30	32.5	35
	45%	0		22.5*	25	27.5	30	32.5
	40%	0	17.5	20	22.5	25	27.5	30
	35%	0	15	17.5	20	22.5	25	27.5
	30%	0	12.5	15	17.5	20	22.5	25
	25%	0	10	12.5	15	17.5	20	22.5
	20%	0	7.5	10	12.5	15	17.5	20
	15%	0	5	7.5	10	12.5	15	17.5
10%	0	2.5	5	7.5	10	12.5	15	

**Consolidate your units before entering your information into the table
Do not enter any non-qualifying units into the table**

<u>Number of Targeted Tax Credit Units</u>	<u>Percent of Area Median Income (AMI) (30%- 55%)</u>	<u>Percentage of Units to Total Units (before rounding down)</u>	<u>Percent of Income Targeted Units to Total Tax Credit Units (exclusive of mgr.'s units)</u>	<u>Points Earned</u>
	30	0.00	0	0
	35	0.00	0	0
	40	0.00	0	0
	45	0.00	0	0
	50	0.00	0	0
	0 -Rural only	0.00	0	0
	0 -Rural only	0.00	0	0
	60	0.00	0	0
0	Total Points Requested:			0

Readiness

Tab 26

- Maximum 20 points
 - Enforceable commitment for all construction financing
 - Local approvals
 - All necessary public approvals except for building permits
 - Design review approval

Section 10325(c)(8)

Readiness

Tab 26

- 90 day deadline
 - Required with any readiness points
 - Investor letter of intent
- 150 day deadline
 - Required with 20 readiness points
 - Don't forget Limited Partnership Agreement

Section 10325(c)(8)

State Credit Substitution

- Maximum 2 points
- Check box...get the points!

Section 10325(c)(9)

Tie Breaker Self-Score

- New to application
 - provides TCAC with applicant assumptions, additional information
- Land value must be established by an appraisal
 - Includes donated land
 - Long term lease = full value of land
- Commercial costs will be pro-rated
 - Separate, dedicated commercial funding source requires firm commitment
 - Loan must remain throughout development and at placed in service

Section 10325(c)(9)
