

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
February 27, 2008

Project Number CA-2008-809

Project Name Corsair Park Senior Apartments
Address: Watt Avenue
 North Highlands, CA 95660 County: Sacramento

Applicant Information

Applicant: Corsair Sacramento L.P.
Contact: Steven Eggert
Address: 1801 I Street, Ste.200
 Sacramento, CA 95811
Phone: (916) 444-9897 **Fax:** (916) 444-9843
Sponsors Type: Nonprofit

Bond Information

Issuer: Housing Authority of the County of Sacramento
Expected Date of Issuance: March 26, 2008
Credit Enhancement: None

Eligible Basis

Actual: \$12,916,174
Requested: \$12,916,174
Maximum Permitted: \$33,547,994

Extra Feature Adjustments:
 55-Year Use/Rent Restriction Adjustment: 120%

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$604,477	\$0
Recommended:	\$604,477	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 112
Total # Residential Buildings: 12

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 111 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 23
Number of Units @ or below 60% of area median income: 88

<u>Unit Type & Number</u>	<u>2008 Rents</u> <u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
18 One-Bedroom	50%	\$630
70 One-Bedroom	60%	\$756
5 Two-Bedroom	50%	\$756
18 Two-Bedroom	60%	\$907

<u>Unit Type & Number</u>	<u>2008 Rents</u> <u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
1 Two-Bedroom	Managers' Unit	\$843

The general partner(s) or principal owner(s) are Pacific Housing, Inc. and Anton Corsair, LLC.

The project developer is St. Anton Capital, LLC.

The management services will be provided by St. Anton Management, Inc.

The market analysis was provided by Vogt Williams & Bowen.

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.

Project Financing

Estimated Total Project Cost: \$16,168,398 Per Unit Cost: \$144,361 Construction Cost Per Sq. Foot: \$100

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Union Bank of CA	\$9,000,000	Union Bank of CA	\$7,100,000
SHRA	2,100,000	SHRA	2,100,000
Sac. County Impact Fee Waivers	310,000	Sac. County Impact Fee Waivers	310,000
NOI During Construction/Lease-Up	441,449	NOI During Construction/Lease-Up	441,449
Investor Equity	2,632,230	Deferred Developer Fee Note	474,418
		Investor Equity	5,742,531
		TOTAL	<u>\$16,168,398</u>

SHRA=Sacramento Housing and Redevelopment Agency

Determination of Credit Amount(s)

Requested Eligible Basis:	\$12,916,174
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$16,791,026
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	\$604,477
Approved Developer Fee:	\$1,684,718
Tax Credit Factor:	\$0.95

Applicant requests and staff recommends annual federal credits of \$604,477 based on a qualified basis of \$16,791,028 and a funding shortfall of \$5,742,531.

Cost Analysis and Line Item Review

The requested eligible basis \$12,916,174 is below TCAC's adjusted threshold basis limit \$33,547,994. The basis limit includes the adjustment for extraordinary features for the 120% adjustment for the 55-year use/affordability restriction for projects that have more than 50% tax-credit. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitation.

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 3.60% 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: 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.

Recommendation: Staff recommends that the Committee make a reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal/Annual	State/Total
\$604,477	\$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.

TCAC makes the 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 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 anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

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 credits 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 and other services such as assistance with daily living 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.