CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
June 20, 2008

Project Number CA-2008-865

Project Name Sunset Street Apartments
Address: 3655 Sunset Boulevard
Rocklin, CA 95677 County: Placer

Applicant Information

Applicant:	Sunset Street Housing Partners, L.P.
Contact	Stephen Whyte
Address:	1700 Seventh Avenue, Suite 2075 Seattle, WA 98101
Phone:	(206) 621-7420
Fax:	(206) 621-7420
Sponsors Type:	Joint Venture

Bond Information

Issuer:	California Statewide Communities Development Authority
Expected Date of Issuance:	June 2008
Credit Enhancement:	None

Eligible Basis

Actual:	$11,872,816
Requested:	$11,872,816
Maximum Permitted:	$24,110,875

Extra Feature Adjustments:
55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted Between 50% AMI & 36% AMI: 21%

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	$451,071	$0
Recommended:	$451,071	$0

Project Information

Construction Type:	Acquisition and Rehabilitation
Federal Subsidy:	Tax-Exempt
HCD MHP Funding:	No
Total # of Units:	104
Total # Residential Buildings:	6

Income/Rent Targeting

Federal Setaside Elected:	40%/60%
% & No. of Targeted Units:	100% - 102 units
55-Year Use/Affordability Restriction:	Yes
Number of Units @ or below 50% of area median income:	21
Number of Units @ or below 60% of area median income:	81

Unit Type & Number	2008 Rents % of Area Median Income	Proposed Rent (including utilities)
10 One-Bedroom	50%	$665
42 One-Bedroom	60%	$796
10 Two-Bedroom	50%	$798
37 Two-Bedroom	60%	$894
1 Three-Bedroom	50%	$923
2 Three-Bedroom	60%	$1,084
1 Two-Bedroom	Manager's Unit	$0
1 Three-Bedroom	Manager's Unit	$0

The general partner(s) or principal owner(s) are Sunset Street Housing Partners Management, LLC and Hearthstone Housing Foundation.

The project developer is Allied Pacific Development, LLC.

The management services will be provided by Hyder & Company.

The market analysis was provided by Lea & Company.

The Local Reviewing Agency, the City of Rocklin, has completed a site review of this project and strongly supports this project.

Project Financing

Estimated Total Project Cost: $13,453,129 Per Unit Cost: $129,357 Construction Cost Per Sq. Foot: $20

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Washington Mutual - Tax Exempt Bonds	$9,200,000	Washington Mutual - Tax Exempt Bonds	$6,050,000
USDA - Rural Development	$2,762,811	USDA - Rural Development	$2,762,811
Deferred Developer Fee	$264,930	Deferred Developer Fee	$264,930
Investor Equity	$1,225,388	Investor Equity	$4,375,388
		TOTAL	**$13,453,129**

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	$2,189,816
Requested Acquisition Eligible Basis:	$9,683,000
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	$2,846,761
Qualified Acquisition Basis:	$9,683,000
Applicable Rate:	3.60%
Maximum Annual Federal Rehabilitation Credit:	$102,483
Maximum Annual Federal Acquisition Credit:	$348,588
Total Maximum Annual Federal Credit:	$451,071
Approved Developer Fee:	$1,548,628
Tax Credit Factor: Boston Capital	$0.97

Applicant requests and staff recommends annual federal credits of $451,071, based on a qualified rehabilitation basis of $2,846,761, a qualified acquisition basis of $9,683,000, and a funding shortfall of $4,375,388.

Cost Analysis and Line Item Review
The requested eligible basis $11,872,816 is below TCAC's adjusted threshold basis limit $24,110,875. The basis limit includes the adjustment for extraordinary features for 55-year use/affordability restriction for projects where each 1% of low-income units (21 units) are income targeted between 50% AMI & 36% AMI. 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: None

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
$451,071	**$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 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: None

Project Analyst: Gina Ferguson