

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2010 First Round
June 9, 2010
REVISED

Project Number CA-2010-015

Project Name Siena Court Senior Apartments
 Site Address: NW Corner of Railroad Avenue and 8th Street
 Pittsburg, CA 94565 County: Contra Costa
 Census Tract: 3090.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,835,626	\$0
Recommended:	\$1,835,626	\$0

Applicant Information

Applicant: Siena Court Apartments, LP and Housing Corporation of America
 Contact: Meea Kang
 Address: 594 Howard St, Suite 204
 San Francisco, CA 94105
 Phone: (415) 856-0010 Fax: (415) 856-0264
 Email: meea@domusd.com

General partner(s) or principal owner(s): Siena Court Apartments, LP
 Housing Corporation of America
 General Partner Type: Joint Venture
 Developer: Domus Development, LLC
 Investor/Consultant: Alliant Capital
 Management Agent: Domus Management Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 2
 Total # of Units: 111
 No. & % of Tax Credit Units: 110 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: None
 Affordability Breakdown by % (Lowest Income Points):
 30% AMI: 10 %
 45% AMI: 65 %

Information

Set-Aside: N/A
 Housing Type: Seniors
 Geographic Area: North & East Bay Region
 TCAC Project Analyst: Gina Ferguson

Unit Mix

100	1-Bedroom Units
10	2-Bedroom Units
1	3-Bedroom Units
<u>111</u>	<u>Total Units</u>

<u>Unit Type & Number</u>	<u>2009 Rents Targeted % of Area Median Income</u>	<u>2009 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
15 1 Bedroom	30%	30%	\$502
85 1 Bedroom	45%	45%	\$753
1 2 Bedrooms	30%	30%	\$602
4 2 Bedrooms	50%	50%	\$1,004
5 2 Bedrooms	60%	60%	\$1,205
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost:	\$32,243,033	Construction Cost Per Square Foot:	\$142
Estimated Commercial Project Cost:	\$1,240,044	Per Unit Cost:	\$290,478

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Wells Fargo Bank	\$11,000,000	CCRC	\$3,014,300
HCD Infill Infrastructure Grant	\$4,994,560	HCD Infill Infrastructure Grant	\$4,994,560
City of Pittsburgh RDA	\$4,432,378	City of Pittsburgh RDA	\$4,432,378
City of Pittsburgh RDA - Fee Waivers	\$2,451,727	City of Pittsburgh RDA - Fee Waivers	\$2,451,727
City of Pittsburgh RDA - Infrastructure Waivers	\$3,700,000	City of Pittsburgh RDA - Infrastructure	\$3,700,000
Deferred costs	\$636,584	General Partner Equity	\$1,340
Deferred Developer Fee	\$1,750,000	Deferred Developer Fee	\$250,000
Tax Credit Equity	\$3,277,784	Tax Credit Equity	\$13,398,728
		TOTAL	\$32,243,033

Determination of Credit Amount(s)

Requested Eligible Basis:	\$15,689,110
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$20,395,843
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,835,626
Approved Developer Fee in Project Cost	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Alliant Capital
Federal Tax Credit Factor:	\$0.72993

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:	\$15,689,110
Actual Eligible Basis:	\$23,494,923
Unadjusted Threshold Basis Limit:	\$24,336,152
Total Adjusted Threshold Basis Limit:	\$31,636,997

Adjustments to Basis Limit:

Required to Pay Prevailing Wages
95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Seniors
Second:	97.701%

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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. 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:

The project budget's land value was adjusted to reflect benefits from the off-site improvements. TCAC staff reduced the corresponding public funding source.

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, Redevelopment Agency of the City of Pittsburg, 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
\$1,835,626	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax

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
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
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 ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ¼ mile of public park or community center open to general public	3	3	3
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Senior project within ¼ mile of daily operated senior center/facility	3	3	3
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
Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
Rainwater retention at ½ inch rainfall per 24-hour period	1	1	1
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
State Credit Substitution	2	2	2
Total Points	146	146	146

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.