

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2011 Second Round
September 28, 2011

Project Number CA-2011-160

Project Name Canal Palms
 Site Address: 565 Canal St
 San Rafael, CA 94901 County: Marin
 Census Tract: 1122.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$140,501	\$0
Recommended:	\$140,501	\$0

Applicant Information

Applicant: San Rafael Associates, L.P.
 Contact: Andrew Hanna
 Address: 2010 Main Street, Suite 1250
 Irvine, CA 92614
 Phone: (949) 777-6931 Fax: (949) 222-0942
 Email: Andrew@globalpremierdevelopment.com

General partner(s) or principal owner(s): The Pate Foundation
 Global Premier Development, Inc.
 General Partner Type: Joint Venture
 Developer: Global Premier Development, Inc.
 Investor/Consultant: Boston Capital
 Management Agent: Buckingham Property Management

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 1
 Total # of Units: 10
 No. & % of Tax Credit Units: 10 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: N/A
 Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	1	10 %
40% AMI:	1	10 %
45% AMI:	1	10 %
50% AMI:	4	40 %

Information

Set-Aside: N/A
 Housing Type: Seniors
 Geographic Area: North and East Bay Region
 TCAC Project Analyst: Velia M. Greenwood

Unit Mix

10 1-Bedroom Units
10 Total Units

<u>Unit Type & Number</u>	<u>2011 Rents Targeted % of Area Median Income</u>	<u>2011 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	30%	30%	\$601
1 1 Bedroom	40%	40%	\$801
1 1 Bedroom	45%	45%	\$901
4 1 Bedroom	50%	50%	\$1,001
3 1 Bedroom	60%	55%	\$1,100

Project Financing

Estimated Total Project Cost: \$2,533,839
 Estimated Residential Project Cost: \$2,533,839

Residential

Construction Cost Per Square Foot: \$86
 Per Unit Cost: \$253,384

Construction Financing

<u>Source</u>	<u>Amount</u>
Boston Capital	\$1,353,378
Seller Note	\$275,000
Cash Flow During Construction	\$70,834
Deferred Developer Fees	\$167,250
Tax Credit Equity	\$667,377

Permanent Financing

<u>Source</u>	<u>Amount</u>
Boston Capital	\$686,647
Seller Note	\$275,000
AHP	\$110,000
Cash Flow During Construction	\$70,834
Deferred Developer Fees	\$56,603
Tax Credit Equity	\$1,334,755
TOTAL	\$2,533,839

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$962,273
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$887,250
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$1,250,955
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$887,250
Applicable Rate:	3.40%
Maximum Annual Federal Credit, Rehabilitation:	\$110,335
Maximum Annual Federal Credit, Acquisition:	\$30,166
Total Maximum Annual Federal Credit:	\$140,501
Approved Developer Fee (in Project Cost & Eligible Basis):	\$167,250
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$0.95000

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:	\$1,849,523
Actual Eligible Basis:	\$1,849,523
Unadjusted Threshold Basis Limit:	\$2,142,140
Total Adjusted Threshold Basis Limit:	\$2,356,354

Adjustments to Basis Limit:

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

- Rehabilitation: project buildings have an 80% decrease in annual energy use/improvement in energy efficiency (HERS II) as indicated in TCAC Regulations.
- Irrigated with reclaimed water, greywater, or rainwater (excluding community gardens)
- Install bamboo, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all kitchens, living rooms, and bathrooms where no VOC adhesives or backing is used
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all common areas
- Project meets all requirements of US EPA Indoor Air Plus Program.

Tie-Breaker Information

First:	Seniors
Second:	9.002%

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 architect certified on Attachment 18(B) - Threshold Basis Limit Certification that the project would "Meet all requirements of the US EPA Indoor Air Plus Program" even though the applicant did not select it in the application. TCAC will hold the applicant to this requirement and TCAC staff has adjusted the Threshold Basis Limit accordingly.

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, City of San Rafael, has completed a site review of this project and takes no position.

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
\$140,501	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 180-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 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
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Cost Efficiency	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 ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	0
Within ½ mile of a neighborhood market of at least 5,000 sf	3	0	3
Within 1 mile of medical clinic or hospital	2	2	2
Within ½ mile of a pharmacy	1	1	1
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 1,000 bedrooms	3	3	3
Adult ed/health & wellness/skill bldg classes, minimum 84 hrs/yr instruction	7	7	7
Sustainable Building Methods	10	10	10
REHABILITATION			
Rehabilitate to improve energy efficiency (change in HERS II rating): 30%	10	10	10
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
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	148	148	148

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.