

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
October 10, 2012  
REVISED**

**Project Number** CA-12-884

**Project Name** Woodbridge Apartments  
Site Address: 727 Hunt Avenue  
Saint Helena, CA 94574 County: Napa  
Census Tract: 2016.02

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$285,170	\$0
Recommended:	\$285,170	\$0

**Applicant Information**

Applicant: Woodbridge RAL, Inc.  
Contact: Matt Locati  
Address: 1043 Stuart Street, Suite 220  
Lafayette, CA 94549  
Phone: 925.284.6464 Fax: 925.284.2313  
Email: ml@Terracorpinc.com

General partner(s) or principal owner(s): Woodbridge RAL, Inc.  
General Partner Type: For Profit  
Developer: Terrex Development Corporation  
Investor/Consultant: Baker Tilly Virchow Krause, LLP  
Management Agent: TerraCorp Financial Inc.

**Project Information**

Construction Type: Acquisition & Rehabilitation  
Total # Residential Buildings: 13  
Total # of Units: 50  
No. & % of Tax Credit Units: 49 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt / HUD Project-Based Section 8 Contract (49 units - 100%)  
HCD MHP Funding: No  
55-Year Use/Affordability: Yes  
Number of Units @ or below 50% of area median income: 10  
Number of Units @ or below 60% of area median income: 39

**Bond Information**

Issuer: California Housing Finance Agency  
 Expected Date of Issuance: October 23, 2012  
 Credit Enhancement: US Department of Housing & Urban Development

**Information**

Housing Type: Seniors  
 Geographic Area: N/A  
 TCAC Project Analyst: Nicola Hil

**Unit Mix**

48 1-Bedroom Units  
 2 2-Bedroom Units  


---

 50 Total Units

<b>Unit Type &amp; Number</b>	<b>2012 Rents Targeted % of Area Median Income</b>	<b>2012 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
10 1 Bedroom	50%	47%	\$754
38 1 Bedroom	60%	60%	\$969
1 2 Bedrooms	60%	60%	\$1,162
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$10,097,095      Construction Cost Per Square Foot: \$85  
 Per Unit Cost: \$201,942

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<b>Source</b>	<b>Amount</b>	<b>Source</b>	<b>Amount</b>
California Housing Finance Agency	\$1,690,000	California Housing Finance Agency	\$5,310,000
California Housing Finance Agency	\$5,310,000	Seller Note	\$1,000,000
Seller Note	\$1,000,000	Existing Operating & Replacement Reserves	\$543,837
Existing Operating & Replacement Reserves	\$543,837	PG&E Energy Rebates	\$100,000
Cash Flow from Operations	\$89,237	Cash Flow from Project	\$89,237
GP Equity	\$100	GP Equity	\$100
Energy Credit Capital	\$36,896	Energy Credit Capital	\$36,896
Tax Credit Equity	\$575,614	Deferred Developer Fee	\$165,325
		Tax Credit Equity	\$2,851,700
		<b>TOTAL</b>	<b>\$10,097,095</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$4,210,924
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$3,437,368
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$5,474,201
Applicable Rate:	3.20%
Qualified Basis (Acquisition):	\$3,437,368
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$175,174
Maximum Annual Federal Credit, Acquisition:	\$109,996
Total Maximum Annual Federal Credit:	\$285,170
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,000,538
Investor/Consultant:	Baker Tilly Virchow Krause, LLP
Federal Tax Credit Factor:	\$1.00000

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:	\$7,648,292
Actual Eligible Basis:	\$7,648,292
Unadjusted Threshold Basis Limit:	\$11,969,248
Total Adjusted Threshold Basis Limit:	\$14,363,098

**Adjustments to Basis Limit:**

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 20%

**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 3.20% of the qualified basis. 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:** None

**Local Reviewing Agency:**

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.

**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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$285,170</b>	<b>\$0</b>

**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 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 reservation 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.

**Additional Conditions:** The applicant/owner is required to provide the tenants with the following service amenities free of charge 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:

- Educational classes

The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- Rehabilitate to improve energy efficiency (change in HERS II rating): 30%