

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2008 First Round Cycle
Tax-Exempt Bond Project with State Credits
June 20, 2008

Project Number CA-2008-858
Project Name Trestle Glen
Site Address: 370 F Street
Colma, CA 94014 County: San Mateo
Census Tract: 6013.00

Applicant Information

Applicant: BRIDGE Housing Corporation
Contact: Ben Metcalf
Address: 345 Spear Street, Suite 700
San Francisco, CA 94105
Phone: (415) 989-1111, Ext. 7521 Fax: (415) 495-4898
Sponsor Type: Nonprofit

Information

Housing Type: Large Family

Bond Information

Issuer: California Municipal Finance Authority
Estimated Date of Issuance: July 2008
Credit Enhancement: N/A

Eligible Basis

Actual: \$34,947,636
Requested: \$34,947,636
Maximum Permitted: \$69,960,976

Extra Feature Adjustments:

55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted Between 50% AMI & 36% AMI: 63%
55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 73%

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,174,241	\$4,543,193
Recommended:	\$1,174,241	\$4,543,193

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt / HOME
HCD MHP Funding: Yes
Total # of Units: 119
Total # Residential Buildings: 1

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 117 units
55-Year Use/Affordability Restriction: Yes
Breakdown by %: 10% @ 30%, 10% @ 35%, 10% @ 40%, 10% @ 45%, 10% @ 50%
Number of Units @ or below 50% of area median income: 117

Selection Criteria	Max. Possible Points	Requested Points	Points Awarded
Owner/Management Characteristics Maximum of 9 points	9	9	9
<input checked="" type="checkbox"/> General Partner Experience	6	6	6
<input checked="" type="checkbox"/> Management Experience	3	3	3
Housing Needs Maximum of 10 points	10	10	10
Site Amenities Maximum of 15 points	15	15	15
<input checked="" type="checkbox"/> Within ¼ mile of transit stop with service every 30 minutes & 25 units per acre density	7	7	7
<input checked="" type="checkbox"/> Within ½ mile of a full-scale grocery store with staples, fresh meat and fresh produce	3	3	3
<input checked="" type="checkbox"/> Large Family project within ½ mile of public school that project children may attend	2	2	2
<input checked="" type="checkbox"/> Within ½ mile of medical clinic or hospital	3	3	3
<input checked="" type="checkbox"/> Within ½ mile of a pharmacy	1	1	1
Service Amenities Maximum of 10 points	10	5	5
<input checked="" type="checkbox"/> Educational classes (e.g. ESL, Computer training, etc. and aren't same as After	5	5	5
<input checked="" type="checkbox"/> Bona fide service coordinator available	5	5	5
Sustainable Building Methods Maximum of 8 points	8	8	8
<input checked="" type="checkbox"/> New construction/adaptive reuse increases energy efficiency 10% above Title 24	4	4	4
<input checked="" type="checkbox"/> Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
<input checked="" type="checkbox"/> Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
<input checked="" type="checkbox"/> CRI Green-label, low-VOC carpet and pad	1	1	1
<input checked="" type="checkbox"/> Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
<input checked="" type="checkbox"/> Recycled materials incorporated into: concrete, carpet, road base or landscape	1	1	1
<input checked="" type="checkbox"/> Rainwater retention at ½ inch rainfall per 24-hour period	1	1	1
Lowest Income Maximum of 52 points	52	52	52
<input checked="" type="checkbox"/> Basic Targeting	50	50	50
<input checked="" type="checkbox"/> Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed Maximum of 20 points	20	20	20
Total Points	124	124	124

<u>Unit Type & Number</u>	<u>2008 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
9 One-Bedroom	20%	\$424
2 One-Bedroom	25%	\$530
4 One-Bedroom	40%	\$848
5 One-Bedroom	45%	\$954
8 One-Bedroom	50%	\$1,060
12 Two-Bedroom	20%	\$509
3 Two-Bedroom	25%	\$636
5 Two-Bedroom	40%	\$1,018
9 Two-Bedroom	45%	\$1,145
15 Two-Bedroom	50%	\$1,272
14 Three-Bedroom	20%	\$588
3 Three-Bedroom	25%	\$735
8 Three-Bedroom	40%	\$1,176
7 Three-Bedroom	45%	\$1,323
13 Three-Bedroom	50%	\$1,470
2 Three-Bedroom	Managers' Units	\$0

The general partner or principal owner is BRIDGE Norcal, LLC.

The project developer is BRIDGE Housing Corporation.

The management services will be provided by BRIDGE Property Management Company.

The market analysis was provided by the Concord Group.

The Local Reviewing Agency, the county of San Mateo Department of Housing, has completed a site review of this project and strongly supports this project.

Project Financing

Estimated Total Project Cost: \$45,917,302 Per Unit Cost: \$373,517 Construction Cost Per Sq. Foot: \$254

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank	\$27,745,418	Citibank	\$7,650,000
County of San Mateo – CDBG	\$621,508	HCD – MHP	\$10,000,000
County of San Mateo - HOME	\$1,378,492	County of San Mateo – HOME	\$1,378,492
County of San Mateo – Section 108	\$7,145,000	County of San Mateo – Section 108	\$7,145,000
County of San Mateo – HELP	\$1,500,000	County of San Mateo – CDBG	\$621,508
County of San Mateo – HEART	\$2,510,000	County of San Mateo – HEART	\$1,760,000
FHLB/Wachovia - AHP	\$1,000,000	FHLB/Wachovia – AHP	\$1,000,000
General Partner Equity	\$2,283,784	Accrued Interest	\$320,574
		General Partner Equity	\$2,283,784
		Investor Equity	\$13,757,944
		TOTAL	\$45,917,302

Determination of Credit Amount(s)

Requested Eligible Basis:	\$34,947,636
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Basis:	\$34,947,636
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	\$1,174,241
State Credit Applicable Rate:	13%
Total State Credit:	\$4,543,193
Approved Developer Fee in Project Cost:	\$1,400,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Tax Credit Factor: Community Economics	\$0.84479 (blended)

Applicant requests and staff recommends annual federal credits of \$1,174,241 and total state credits of \$4,543,193, based on a qualified basis of \$34,947,636 and a funding shortfall of \$13,757,944.

Cost Analysis and Line Item Review

The requested eligible basis \$34,947,636 is below TCAC’s adjusted threshold basis limit \$69,960,976. The basis limit includes the adjustment for extraordinary for 55-year use/affordability restriction projects where each 1% of low-income units are income targeted between 50% AMI & 36% AMI and each 1% of low-income units are income targeted at 35% AMI & below. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations.

Annual operating expenses equal 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
\$1,174,241	\$4,543,193

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

Applicants that received 20 points for readiness to proceed must meet ALL of the following requirements. The applicant must be ready to begin construction within 150 days of the Credit Reservation which is November 17, 2008, as evidenced by submission, within that time of, recorded deeds of trust for all construction financing, payment of all construction lender fees, issuance of building permits and notice to proceed delivered to the contractor. Failure to meet this timeline will result in rescission of the Credit Reservation.

Project Analyst: Jack Waegell