

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

Project Number CA-2010-107

Project Name Fife Creek Commons
 Site Address: 14119 Mill Street and 16312 Fifth Street
 Guerneville (unincorp.) CA 95446 County: Sonoma
 Census Tract: 1537.040

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,663,652	\$0
Recommended:	\$1,663,652	\$0

Applicant Information

Applicant: Burbank Housing Development Corporation
 Contact: Chaney Delaire
 Address: 790 Sonoma Avenue
 Santa Rosa CA 95404
 Phone: (707) 526-1020 Fax: (707) 526-9811
 Email: cdelaire@burbankhousing.org

General partner(s) or principal owner(s): Burbank Housing Development Corporation
 Community Housing Sonoma County
 General Partner Type: Nonprofit
 Developer: Burbank Housing Development Corporation
 Investor/Consultant: California Housing Partnership Corporation
 Management Agent: Burbank Housing Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 9
 Total # of Units: 48
 No. & % of Tax Credit Units: 47 100%
 Federal Set-Aside Elected: 40%/60% Test
 Federal Subsidy: MHSA (8 units-17%)/Sect. 8 (12 units-25%)/HOME
 Average Affordability of Special Needs/SRO Project Units: 36.78%
 Affordability Breakdown by % (Lowest Income Points):
 30% AMI: 35 %
 40% AMI: 15 %
 50% AMI (Rural): 20 %

Information

Set-Aside: Rural
 Housing Type: Special Needs/Large Family
 Type of Special Needs: Homeless/Physical, mental disabilities/HIV/AIDS
 % of Special Need Units: 24 units 51%
 Geographic Area: N/A
 TCAC Project Analyst: Benjamin Schwartz

Unit Mix

16 1-Bedroom Units
 20 2-Bedroom Units
 12 3-Bedroom Units

 48 Total Units

<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>
7 1 Bedroom	30%	17%	\$255
3 1 Bedroom	30%	30%	\$451
4 1 Bedroom	40%	40%	\$601
2 1 Bedroom	50%	50%	\$751
1 2 Bedrooms	30%	21%	\$382
4 2 Bedrooms	30%	30%	\$541
3 2 Bedrooms	40%	40%	\$722
4 2 Bedrooms	50%	50%	\$902
8 2 Bedrooms	60%	52%	\$938
2 3 Bedrooms	30%	30%	\$625
1 3 Bedrooms	40%	40%	\$834
4 3 Bedrooms	50%	50%	\$1,042
4 3 Bedrooms	60%	52%	\$1,084
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$20,095,761 Construction Cost Per Square Foot: \$139
 Per Unit Cost: \$418,662

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo Bank Const Loan	\$8,995,973	Wells Fargo/CCRC Perm Loan	\$415,000
SCCDC HELP Loan	\$750,000	Wells Fargo/CCRC Sect. 8	\$480,000
SCCDC RDA/Fund for Hsg. Loan 1	\$2,000,000	SCCDC RDA/CFH Loan 1	\$2,000,000
SCCDC RDA/Fund for Hsg. Loan 2	\$2,640,000	SCCDC RDA/CFH Loan 2	\$2,640,000
CalHFA/DMH MHSA	\$1,000,000	CalHFA/DMH MHSA	\$1,000,000
SCCDC Co. Fund for Housing 3	\$210,000	SCCDC Co. Fund Hsg. (CFH) Loan 3	\$210,000
SCCDC - HOME	\$187,969	SCCDC - HOME	\$187,969
Wachovia - FHLB - AHP	\$470,000	Wachovia FHLB - AHP	\$470,000
Predevelopment Rental Income	\$130,925	Predevelopment Rental Income	\$130,925
Costs Deferred Until Perm	\$1,130,940	Accrued/Deferred Interest	\$220,976
LP Equity	\$2,358,978	Tax Credit Equity	\$12,340,891
Accrued/Deferred Interest	\$220,976	TOTAL	\$20,095,761

Determination of Credit Amount(s)

Requested Eligible Basis: \$14,219,249
 130% High Cost Adjustment: Yes
 Applicable Fraction: 100.00%
 Qualified Basis: \$18,485,024
 Applicable Rate: 9.00%
 Total Maximum Annual Federal Credit: \$1,663,652
 Approved Developer Fee (in Project Cost & Eligible Basis): \$1,400,000
 Investor/Consultant: California Housing Partnership Corp.
 Federal Tax Credit Factor: \$0.74180

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: \$14,219,249
 Actual Eligible Basis: \$16,805,749
 Unadjusted Threshold Basis Limit: \$12,564,448
 Total Adjusted Threshold Basis Limit: \$15,956,849

Adjustments to Basis Limit:

Required to Pay Prevailing Wages
Parking Beneath Residential Units

Tie-Breaker Information

First: **Special Needs**
Second: **64.016%**

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: None

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, Sonoma County Community Development Commission, 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
\$1,663,652	\$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.

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	34	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 1,500 feet of a regular bus stop or rapid transit system stop	3	3	3
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Special Needs/SRO project within ½ mile of facility serving tenant pop.	3	3	3
Within 1 mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
Other Services Specialist, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Behavioral health services provided by appropriately-licensed org. or ind.	5	5	5
Sustainable Building Methods	8	8	8
New construction/adaptive reuse energy efficiency 10% above Title 24	4	4	4
Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
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.