

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2010 Second Round

September 22, 2010

Project Number CA-2010-201

Project Name Mom's Apartments
Site Address: 421 and 425 East Cota Street
Santa Barbara, CA 93101-1623 County: Santa Barbara
Census Tract: 9.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$395,642	\$0
Recommended:	\$395,642	\$0

Applicant Information

Applicant: Mom's L.P., a California Limited Partnership
Contact: Kathleen Baushke, Executive Director
Address: 425 East Cota Street
Santa Barbara, CA 93101
Phone: 805-966-9668 **Fax:** 805-966-6331
Email: kbaushke@transitionhouse.com

General partner(s) or principal owner(s): Transition House
Riverside Charitable Corporation

General Partner Type: Nonprofit

Developer: Housing Authority of the City of Santa Barbara

Investor/Consultant: Hudson Housing Capital

Management Agent: Housing Authority of the City of Santa Barbara

Project Information

Construction Type: New Construction / Acquisition & Rehabilitation

Total # Residential Buildings: 2

Total # of Units: 16

No. & % of Tax Credit Units: 15 100%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: HOME / CDBG / HUD Project-based Section 8 (8 units - 50%)

Average Affordability of Special Needs/SRO Project Units: 35.56%

Affordability Breakdown by % (Lowest Income Points):

30% AMI:	50 %
50% AMI:	40 %

Information

Set-Aside: N/A
 Housing Type: Special Needs
 Type of Special Needs: Homeless / Family
 % of Special Need Units: 15 units 100%
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Benjamin Schwartz

Unit Mix

4 1-Bedroom Units
 10 2-Bedroom Units
 2 3-Bedroom Units

 16 Total Units

<u>Unit Type & Number</u>	<u>2010 Rents Targeted % of Area Median Income</u>	<u>2010 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 1 Bedroom	50%	50%	\$693
1 1 Bedroom	60%	60%	\$832
6 2 Bedrooms	30%	30%	\$499
4 2 Bedrooms	50%	50%	\$832
2 3 Bedrooms	30%	30%	\$577
1 1 Bedroom	Manager's Unit	Manager's Unit	\$420

Project Financing

Estimated Total Project Cost: \$10,662,050 Construction Cost Per Square Foot: \$440
 Estimated Commercial Project Cost: \$3,575,429 Per Unit Cost: \$666,378

Construction Financing

Permanent Financing

<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Bank of Montecito (Residential/Non-Residential)	\$3,121,661	Bank of Montecito (Residential Sect.8 Loan)	\$585,000
Assumed City RDA Funding	\$320,000	Bank of Montecito (Non-Residential)	\$784,000
New City HOME/RDA	\$970,000	Assumed City RDA Financing	\$320,000
New City CDBG Rehab Loan	\$250,000	New City HOME/RDA	\$970,000
Transition House GP Equity	\$400,000	New City CDBG Rehab Loan	\$250,000
Transition House (Residential/Non-Residential)	\$4,220,000	Transition House (Residential/Non-Residential)	\$4,220,000
Deferred Developer Fee	\$230,367	Transition House GP Equity	\$400,000
Tax Credit Equity	\$1,150,022	Deferred Developer Fee	\$230,661
		Tax Credit Equity	\$2,902,389
		TOTAL	\$10,662,050

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$3,174,810
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$711,448
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$4,127,253
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$711,448
Applicable Rate:	3.40%
Maximum Annual Federal Credit, Rehabilitation:	\$371,453
Maximum Annual Federal Credit, Acquisition:	\$24,189
Total Maximum Annual Federal Credit:	\$395,642
Approved Developer Fee (in Project Cost & Eligible Basis):	\$633,275
Investor/Consultant:	Hudson Housing Capital
Federal Tax Credit Factor:	\$0.73359

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:	\$3,886,258
Actual Eligible Basis:	\$5,493,077
Unadjusted Threshold Basis Limit:	\$3,429,216
Total Adjusted Threshold Basis Limit:	\$4,840,150

Adjustments to Basis Limit:

- Required to Pay Prevailing Wages
- 100% of Units for Special Needs Population
- 3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:
 - Projects exceeding Title 24 by at least 15%
 - Projects using natural linoleum/ceramic tile/natural rubber for all kitchens and bathrooms where no VOC adhesives or backing is used
 - Projects using CRI Green Label Plus Carpet or no carpet in all bedrooms
- Utilizing New Energy Technologies
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Special Needs
Second:	104.671%

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, City of Santa Barbara, 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
\$395,642	\$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 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
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 minutes in rush hours	6	6	6
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 sq ft	3	3	3
Special Needs/SRO project within ½ mile of facility serving tenant pop.	3	3	0
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	1	1	1
Service Amenities	10	10	10
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult educational classes, minimum instruction of 60 hours/year	5	5	5
Sustainable Building Methods	8	8	8
New construction/adaptive reuse energy efficiency 10% above Title 24	4	0	2
Rehabilitation, not subject to Title 24, w/75% fluorescent or comparable	2	2	0
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	0
Formaldehyde free cabinets, countertops and shelving	1	1	1
CRI Green-label, low-VOC carpet and pad	1	1	1
Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
Formaldehyde-free insulation	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.