

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
March 16, 2011

Project Number CA-2011-819

Project Name Windham Village Apartments
 Site Address: 1101 Prospect Ave
 Santa Rosa, CA 95409 County: Sonoma
 Census Tract: 1522.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$288,675	\$0
Recommended:	\$288,675	\$0

Applicant Information

Applicant: Windham Village Affordable, L.P.
 Contact: Sean Burrowes
 Address: 8105 Irvine Center Drive, Suite 830
 Irvine, CA 92618
 Phone: 949-753-0555 Fax: 949-753-7590
 Email: sburrowes@bentallres.com

General partner(s) or principal owner(s): Windham Village AGP, L.P.
 Las Palmas Housing and Development Corporation
 General Partner Type: Joint Venture
 Developer: Bentall Residential, L.P.
 Investor/Consultant: Boston Financial
 Management Agent: TerraCorp Financial

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 12
 Total # of Units: 50
 No. & % of Tax Credit Units: 49 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project-based Section 8 (44 units / 89.8%)
 HCD MHP Funding: No
 55-Year Use/Affordability: Yes
 Number of Units @ or below 50% of area median income: 16
 Number of Units @ or below 60% of area median income: 33

Information

Housing Type: Seniors
 Geographic Area: North and East Bay Region
 TCAC Project Analyst: Gina Ferguson

Bond Information

Issuer: CalHFA
 Expected Date of Issuance: April 2011
 Credit Enhancement: Freddie Mac

Unit Mix

43 1-Bedroom Units
 2 2-Bedroom Units
 5 3-Bedroom Units

 50 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%	\$754
4 1 Bedroom	50%	50%	\$754
7 1 Bedroom	50%	50%	\$754
1 2 Bedrooms	50%	50%	\$905
2 3 Bedrooms	50%	43%	\$900
30 1 Bedroom	60%	60%	\$905
1 2 Bedrooms	60%	58%	\$1,050
1 3 Bedrooms	60%	46%	\$965
1 3 Bedrooms	60%	48%	\$1,010
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$8,461,799 Construction Cost Per Square Foot: \$76
 Per Unit Cost: \$169,236

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
CalHFA/FMAC - Tax Exempt Bonds	\$4,680,000	CalHFA/FMAC - Tax Exempt Bonds	\$4,680,000
City of Santa Rosa	\$1,175,000	City of Santa Rosa	\$1,175,000
Existing Reserves	\$82,889	Existing Reserves	\$82,889
Deferred Developer Fee	\$214,510	Deferred Developer Fee	\$214,510
Tax Credit Equity	\$1,847,521	Tax Credit Equity	\$2,309,400
		TOTAL	\$8,461,799

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$3,433,533
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$4,027,720
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$4,463,593
Qualified Basis (Acquisition):	\$4,027,720
Applicable Rate:	3.40%
Maximum Annual Federal Credit, Rehabilitation:	\$151,733
Maximum Annual Federal Credit, Acquisition:	\$136,942
Total Maximum Annual Federal Credit:	\$288,675
Approved Developer Fee (in Project Cost & Eligible Basis):	\$966,685
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.80000

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:	\$7,461,253
Actual Eligible Basis:	\$7,461,253
Unadjusted Threshold Basis Limit:	\$13,390,288
Total Adjusted Threshold Basis Limit:	\$17,675,180

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: 32%

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 3.40% 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

Local Reviewing Agency:

The Local Reviewing Agency, the City of Santa Rosa, 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
\$288,675

State Tax Credits/Total
\$0

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 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 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 educational classes 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.