

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
March 21, 2012  
REVISED**

**Project Number** CA-2012-810

**Project Name** Sonoma Gardens Apartments  
Site Address: 3330-3336 Santa Rosa Avenue  
Santa Rosa, CA 95407 County: Sonoma  
Census Tract: 1514.020

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$418,092	\$0
Recommended:	\$418,092	\$0

**Applicant Information**

Applicant: Santa Rosa Pacific Associates, a California limited partnership  
Contact: Caleb Roope  
Address: 430 E. State Street, Suite 100  
Eagle, ID 83616  
Phone: 208.461.0022 Fax: 208.461.3267  
Email: calebr@tpchousing.com

General partner(s) or principal owner(s): TPC Holdings V, LLC  
Central Valley Coalition for Affordable Housing  
West Coast Real Estate Ventures, LLC  
General Partner Type: Joint Venture  
Developer: Pacific West Communities, Inc.  
Investor/Consultant: Boston Capital  
Management Agent: U.S. Residential Group

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 60  
No. & % of Tax Credit Units: 59 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt / HOME  
HCD MHP Funding: No  
55-Year Use/Affordability: Yes  
Number of Units @ or below 35% of area median income: 3  
Number of Units @ or below 50% of area median income: 3  
Number of Units @ or below 60% of area median income: 53

**Bond Information**

Issuer: CSCDA  
 Expected Date of Issuance: April 2012  
 Credit Enhancement: None

**Information**

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

**Unit Mix**

12 1-Bedroom Units  
 36 2-Bedroom Units  
 12 3-Bedroom Units  


---

 60 Total Units

<u>Unit Type &amp; Number</u>	<u>2012 Rents Targeted % of Area Median Income</u>	<u>2012 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	30%	30%	\$465
1 1 Bedroom	50%	50%	\$775
10 1 Bedroom	60%	60%	\$930
1 2 Bedrooms	30%	30%	\$558
1 2 Bedrooms	50%	50%	\$930
33 2 Bedrooms	60%	60%	\$1,116
1 3 Bedrooms	30%	30%	\$644
1 3 Bedrooms	50%	50%	\$1,074
10 3 Bedrooms	60%	60%	\$1,289
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$11,144,548

**Residential**

Construction Cost Per Square Foot: \$104  
 Per Unit Cost: \$185,742

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
US Bank	\$6,514,963	US Bank	\$4,950,000
County of Sonoma RDA	\$1,125,000	County of Sonoma RDA	\$1,125,000
County of Sonoma HOME	\$200,000	County of Sonoma HOME	\$200,000
Deferred Costs	\$159,482	Deferred Developer Fee	\$793,559
Deferred Developer Fee	\$1,310,908	Tax Credit Equity	\$4,075,989
Tax Credit Equity	\$1,834,195	<b>TOTAL</b>	<b>\$11,144,548</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$10,050,295
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$13,065,384
Applicable Rate:	3.20%
Total Maximum Annual Federal Credit:	\$418,092
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,310,908
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$0.97490

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:	\$10,050,295
Actual Eligible Basis:	\$10,050,295
Unadjusted Threshold Basis Limit:	\$17,754,792
Total Adjusted Threshold Basis Limit:	\$21,831,435

**Adjustments to Basis Limit:**

Local Development Impact Fees

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 5%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 10%

**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, 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$418,092</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 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:** None