

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project**

July 11, 2012

REVISED

Project Number CA-12-845

Project Name Granite City Apartments
Site Address: 1150 Sibley Street
Folsom, CA 95630 County: Sacramento
Census Tract: 84.030

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$451,151	\$0
Recommended:	\$451,151	\$0

Applicant Information

Applicant: Granite Folsom L.P.
Contact: Rachel Green
Address: 1801 I Street
Sacramento, CA 95630
Phone: 916-444-9887 Fax: 916-444-9843
Email: rsg@antonllc.com

General partner(s) or principal owner(s): Pacific Housing, Inc
Anton Granite, LLC
General Partner Type: Joint Venture
Developer: St. Anton Capital, LLC
Investor/Consultant: Boston Financial Investment
Management Agent: St. Anton Management, Inc

Project Information

Construction Type: New Construction
Total # Residential Buildings: 4
Total # of Units: 81
No. & % of Tax Credit Units: 80 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 17
Number of Units @ or below 60% of area median income: 63

Bond Information

Issuer: CSCDA
 Expected Date of Issuance: July 25, 2012
 Credit Enhancement: None

Information

Housing Type: Non-Targeted
 Geographic Area: Capital and Northern Region
 TCAC Project Analyst: Marisol Parks

Unit Mix

30 1-Bedroom Units
 33 2-Bedroom Units
 18 3-Bedroom Units

 81 Total Units

Unit Type & Number	2012 Rents Targeted % of Area Median Income	2012 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
6 1 Bedroom	50%	50%	\$713
24 1 Bedroom	60%	60%	\$856
7 2 Bedrooms	50%	50%	\$856
25 2 Bedrooms	60%	60%	\$1,027
4 3 Bedrooms	50%	50%	\$989
14 3 Bedrooms	60%	60%	\$1,187
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$953

Project Financing

Estimated Total Project Cost: \$15,672,460
 Estimated Residential Project Cost: \$15,672,460

Construction Financing

Source	Amount
Union Bank	\$8,220,000
City of Folsom	\$4,540,000
NOI during Lease-Up	\$309,924
Tax Credit Equity	\$1,197,536

Residential

Construction Cost Per Square Foot: \$106
 Per Unit Cost: \$193,487

Permanent Financing

Source	Amount
Union Bank	\$5,280,000
City of Folsom	\$4,540,000
NOI during lease-up	\$309,924
Deferred Developer Fee	\$805,450
Tax Credit Equity	\$4,737,086
TOTAL	\$15,672,460

Determination of Credit Amount(s)

Requested Eligible Basis:	\$14,098,456
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$14,098,456
Applicable Rate:	3.20%
Total Maximum Annual Federal Credit:	\$451,151
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,500,000
Investor/Consultant:	Boston Financial Investment
Federal Tax Credit Factor:	\$1.05000

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:	\$14,098,456
Actual Eligible Basis:	\$14,098,456
Unadjusted Threshold Basis Limit:	\$17,476,560
Total Adjusted Threshold Basis Limit:	\$21,146,638

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: 21%

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, City of Folsom, 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
\$451,151

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 a reservation 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 the following service amenities 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:

- After school program
- Educational classes