

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2012 Second Round
October 10, 2012

Project Number CA-12-221

Project Name Tower Apartments
 Site Address: 781 E. Cotati Avenue
 Rohnert Park, CA 94928 County: Sonoma
 Census Tract: 1513.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$338,283	\$1,127,611
Recommended:	\$338,283	\$1,127,611

Applicant Information

Applicant: Burbank Housing Development Corporation (BHDC)
 Contact: Pascal Sisich
 Address: 790 Sonoma Avenue
 Santa Rosa CA, 95404
 Phone: 707-526-9782 Fax: 707-526-9811
 Email: psisich@burbankhousing.org

General partner(s) or principal owner(s):	Burbank Housing Development Corporation
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: Rehabilitation-Only
 Total # Residential Buildings: 11
 Total # of Units: 50
 No. & % of Tax Credit Units: 49 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: CDBG
 Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	5	10 %
35% AMI:	14	25 %
50% AMI:	30	40 %

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: North & East Bay Region
 TCAC Project Analyst: Connie Osorio

Unit Mix

8 1-Bedroom Units
 14 2-Bedroom Units
 24 3-Bedroom Units
 4 4-Bedroom Units

 50 Total Units

<u>Unit Type & 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 2 Bedrooms	30%	30%	\$558
3 3 Bedrooms	30%	29%	\$631
1 4 Bedrooms	30%	30%	\$718
3 1 Bedroom	35%	33%	\$511
4 2 Bedrooms	35%	31%	\$571
6 3 Bedrooms	35%	29%	\$631
1 4 Bedrooms	35%	31%	\$732
5 1 Bedroom	50%	49%	\$767
9 2 Bedrooms	50%	49%	\$918
14 3 Bedrooms	50%	49%	\$1,059
2 4 Bedrooms	50%	48%	\$1,161
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$1,000

Project Financing

Estimated Total Project Cost: \$8,937,765
 Estimated Residential Project Cost: \$8,937,765

Residential

Construction Cost Per Square Foot: \$55
 Per Unit Cost: \$178,755

Construction Financing

<u>Source</u>	<u>Amount</u>
US Bank Construction Loan	\$4,108,209
HCD - RHCP - Assume Loan	\$2,151,838
City of Rohnert Park - Assume Loan	\$1,040,000
Sonoma County CDBG - Assume Loan	\$398,726
Assume Existing Reserves	\$81,564
Accrued/Deferred Interest	\$90,393
Costs Deferred til Perm	\$479,788
Tax Credit Equity	\$587,247

Permanent Financing

<u>Source</u>	<u>Amount</u>
US Bank Perm Loan	\$882,000
HCD - RHCP - Assume Loan	\$2,151,838
City of Rohnert Park - Assume Loan	\$1,040,000
Sonoma County CDBG - Assume Loan	\$398,726
Assume Existing Reserves	\$81,564
Accrued/Deferred Interest	\$90,393
Tax Credit Equity	\$4,293,244
TOTAL	\$8,937,765

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$3,758,704
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$3,758,704
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$338,283
Total State Credit:	\$1,127,611
Approved Developer Fee (in Project Cost & Eligible Basis):	\$569,961
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$1.02517
State Tax Credit Factor:	\$0.73188

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:	\$3,758,704
Actual Eligible Basis:	\$4,369,704
Unadjusted Threshold Basis Limit:	\$14,606,336
Total Adjusted Threshold Basis Limit:	\$14,606,336

Adjustments to Basis Limit: None

Tie-Breaker Information

First:	Large Family
Second:	57.360%

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 meet 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, 3.20%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC’s financial evaluation at project completion will determine the final

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 Rohnert Park, 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
\$338,283	\$1,127,611

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness to Proceed 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.

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 regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within ¼ mile of public park or community center open to general public	3	3	3
Within ¼ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Large Family proj. w/i ¼ mile of public elementary school project children ma	3	3	3
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 1,000 bedrooms	3	3	3
Adult ed/health & wellness/skill bldg classes, minimum 60 hrs/yr instruction	5	5	5
After school program for school age children, minimum of 4 hours/week	2	2	2
Sustainable Building Methods	10	10	10
REHABILITATION			
Rehabilitate to improve energy efficiency (change in HERS II rating): 30%	10	10	10
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
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	148	148	148

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.