

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
July 17, 2013**

Project Number CA-13-854

Project Name Anton Hacienda Apartments
Site Address: 5729 West Las Positas Boulevard
Pleasanton, CA 94588 County: Alameda
Census Tract: 4507.430

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$225,782	\$0
Recommended:	\$225,782	\$0

Applicant Information

Applicant: Hacienda Pleasanton L.P.
Contact: Ardie Zahedani
Address: 1801 I Street, Suite 200
Sacramento CA 95811
Phone: (916) 400-2077 Fax: (916) 444-9843
Email: az@antonllc.com

General Partner(s) or Principal Owner(s): PH La Moraga Holdings, LLC
Anton Hacienda, LLC
General Partner Type: Joint Venture
Parent Company(ies): Pacific Housing, Inc.
St. Anton Partners
Developer: St. Anton Capital, LLC
Investor/Consultant: Anton Hacienda, LLC
Management Agent: St. Anton Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 3
Total # of Units: 168
No. & % of Tax Credit Units: 34 20.48%
Federal Set-Aside Elected: 20%/50%
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 34

Bond Information

Issuer: CSCDA
 Expected Date of Issuance: August 1, 2013
 Credit Enhancement: N/A

Information

Housing Type: Non-Targeted
 Geographic Area: North & East Bay Region
 TCAC Project Analyst: Connie Osorio

Unit Mix

64 1-Bedroom Units
 88 2-Bedroom Units
 16 3-Bedroom Units
 168 Total Units

Unit Type & Number	2013 Rents Targeted % of Area Median Income	2013 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
13 1 Bedroom	50%	50%	\$836
18 2 Bedrooms	50%	50%	\$1,003
3 3 Bedrooms	50%	50%	\$1,160
2 2 Bedrooms	Manager's Unit	Manager's Unit	\$2,275
40 1 Bedroom	Market Rate Unit	Market Rate Unit	\$1,660
5 1 Bedroom	Market Rate Unit	Market Rate Unit	\$1,775
6 1 Bedroom	Market Rate Unit	Market Rate Unit	\$1,690
11 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$2,100
32 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$2,110
19 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$2,275
6 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$2,375
13 3 Bedrooms	Market Rate Unit	Market Rate Unit	\$2,910

Project Financing

Estimated Total Project Cost: \$46,373,629
 Estimated Residential Project Cost: \$46,373,629

Residential

Construction Cost Per Square Foot: \$143
 Per Unit Cost: \$276,034

Construction Financing

Source	Amount
CitiBank, N.A.	\$36,760,000
Net Operating Income During Lease-up	\$572,911
Deferred Developer Fee	\$1,900,000
General Partner Equity	\$4,858,288
Tax Credit Equity	\$2,282,430

Permanent Financing

Source	Amount
CitiBank, N.A.	\$38,600,000
Net Operating Income During Lease-up	\$2,795,350
Deferred Developer Fee	\$1,900,000
General Partner Equity	\$795,849
Tax Credit Equity	\$2,282,430
TOTAL	\$46,373,629

Determination of Credit Amount(s)

Requested Eligible Basis:	\$34,606,564
130% High Cost Adjustment:	No
Applicable Fraction:	20.46%
Qualified Basis:	\$7,081,470
Applicable Rate:	3.20%
Maximum Annual Federal Credit:	\$225,782
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	Anton Hacienda, LLC
Federal Tax Credit Factor:	\$1.01090

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:	\$34,606,564
Actual Eligible Basis:	\$34,606,564
Unadjusted Threshold Basis Limit:	\$49,106,944
Total Adjusted Threshold Basis Limit:	\$58,928,333

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: 20%

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 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:

The applicant requests and has been granted a waiver of the three-month operating reserve requirement. The operating deficit guaranty required by the tax credit investor fulfills this TCAC requirement.

Local Reviewing Agency:

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

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
\$225,782	\$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: None