

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report Tax-Exempt Bond Project

May 16, 2018

REVISED

Atria, located at 1008 E. El Camino Real in Sunnyvale, requested and is being recommended for a reservation of \$400,852 in annual federal tax credits to finance the new construction of 22 units of housing serving tenants with rents affordable to households earning 50% of area median income (AMI). The project will be developed by St. Anton Communities, LLC and will be located in Senate District 13 and Assembly District 24.

Project Number CA-18-759

Project Name Atria
Site Address: 1008 E. El Camino Real
Sunnyvale, CA 94087 County: Santa Clara
Census Tract: 5082.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$400,852	\$0
Recommended:	\$400,852	\$0

Applicant Information

Applicant: St. Anton ECR, LP
Contact: Sahar Soltani
Address: 1801 I Street, Suite 200
Sacramento, CA 95811
Phone: (916) 471-3000
Email: ss@antoncap.com

General Partner(s) or Principal Owner(s): Sunnyvale Park, LLC
PacH Anton South Holdings, LLC
General Partner Type: Joint Venture
Parent Company(ies): St. Anton Communities, LLC
Pacific Housing, Inc.
Developer: St. Anton Communities, LLC
Investor/Consultant: Blue Bronco, LLC
Management Agent: St. Anton Multifamily, Inc

Project Information

Construction Type: New Construction
Total # Residential Buildings: 2
Total # of Units: 108
No. / % of Low Income Units: 22 20.56%
Federal Set-Aside Elected: 20%/50%

Federal Subsidy: Tax-Exempt

Bond Information

Issuer: CalPFA
 Expected Date of Issuance: May 23, 2018

Information

Housing Type: Non-Targeted
 Geographic Area: South and West Bay
 TCAC Project Analyst: Marlene McDonough

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 50% AMI: 22	100%

Unit Mix

10 SRO/Studio Units
53 1-Bedroom Units
45 2-Bedroom Units
108 Total Units

Unit Type & Number	2017 Rents Targeted % of Area Median Income	2017 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
2 SRO/Studio	50%	50%	\$1,045
10 1 Bedroom	50%	50%	\$1,120
10 2 Bedrooms	50%	50%	\$1,343
1 1 Bedroom	Manager's Unit	Manager's Unit	\$3,440
8 SRO/Studio	Market Rate Unit	Market Rate Unit	\$3,040
42 1 Bedroom	Market Rate Unit	Market Rate Unit	\$3,488
35 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$4,255

TCAC-confirmed Projected Lifetime Rent Benefit: \$19,658,760

Project Cost Summary at Application

Land and Acquisition	\$7,457,203
Construction Costs	\$32,996,707
Rehabilitation Costs	\$0
Construction Contingency	\$1,630,922
Relocation	\$2,117,130
Architectural/Engineering	\$1,097,533
Const. Interest, Perm. Financing	\$5,439,339
Legal Fees, Appraisals	\$95,000
Reserves	\$935,802
Other Costs	\$5,175,915
Developer Fee	\$3,000,000
Commercial Costs	\$0
Total	\$59,945,551

Residential

Construction Cost Per Square Foot:	\$308
Per Unit Cost:	\$555,051
True Cash Per Unit Cost*:	\$523,456

Construction Financing

Source	Amount
Citibank N.A.	\$47,000,000
Blue Bronco, LLC	\$7,997,187
Tax Credit Equity	\$3,358,795

Permanent Financing

Source	Amount
Citibank, N.A.	\$42,400,000
Blue Bronco, LLC	\$8,932,989
Pre-Conversion NOI	\$756,042
Freddie Mac	\$848,000
Deferred Developer Fee	\$3,000,000
Tax Credit Equity	\$4,008,520
TOTAL	\$59,945,551

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$46,349,084
130% High Cost Adjustment:	Yes
Applicable Fraction:	20.34%
Qualified Basis:	\$12,258,469
Applicable Rate:	3.27%
Total Maximum Annual Federal Credit:	\$400,852
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,000,000
Investor/Consultant:	Blue Bronco, LLC
Federal Tax Credit Factor:	\$1.00000

Per Regulation Section 10327(c)(6), 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.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$46,349,084
Actual Eligible Basis:	\$46,349,084
Unadjusted Threshold Basis Limit:	\$36,912,768
Total Adjusted Threshold Basis Limit:	\$49,797,405

Adjustments to Basis Limit

Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels
Local Development Impact Fees
95% of Upper Floor Units are Elevator-Serviced
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate 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 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 3.27% 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.

Significant Information / Additional Conditions

This project's cost per unit is currently estimated at \$523,426. The high cost is due to high real estate costs in Santa Clara county and for tenant relocation of a Mobile Home Park currently occupying the site.

Local Reviewing Agency

The Local Reviewing Agency, City of Sunnyvale, has completed a site review of this project and strongly supports this project.

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.

CDLAC Additional Conditions

The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The project commits to having at least 1 building subject to a policy developed by the owner that prohibits smoking in contiguous designated units.