

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2019 First Round

June 12, 2019

Altamira Family Homes, located at 20269 Broadway in Sonoma, requested and is being recommended for a reservation of \$1,980,117 in annual federal tax credits to finance the new construction of 47 units of housing serving large families with rents affordable to households earning 30%-80% of area median income (AMI). The project will be developed by Satellite Affordable Housing Associates and will be located in Senate District 3 and Assembly District 10.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and Veterans Affairs Supportive Housing (VASH) Vouchers.

Project Number CA-19-042

Project Name Altamira Family Apartments
Site Address: 20269 Broadway
Sonoma, CA 95476 County: Sonoma
Census Tract: 1502.03

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,980,117	\$0
Recommended:	\$1,980,117	\$0

Applicant Information

Applicant: Satellite Affordable Housing Associates
Contact: Adam Kuperman
Address: 1835 Alcatraz Avenue
Berkeley, CA 94703
Phone: 510.809.2725
Email: akuperman@sahahomes.org

General Partner(s) / Principal Owner(s): Satellite AHA Development Inc.
General Partner Type: Nonprofit
Parent Company(ies): Satellite Affordable Housing Associates
Developer: Satellite Affordable Housing Associates
Investor/Consultant: California Housing Partnership Corporation
Management Agent(s): Satellite Affordable Housing Associates PM

Project Information

Construction Type: New Construction
Total # Residential Buildings: 8
Total # of Units: 48
No. & % of Tax Credit Units: 47 100%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: HUD Section 8 Project-based Vouchers (11 Units - 23%) and VASH Project-based Vouchers (10 Units - 21%)

Information

Set-Aside: Rural
 Housing Type: Large Family
 Geographic Area: N/A
 TCAC Project Analyst: Carmen Doonan

55-Year Use / Affordability

Aggregate Targeting Number of Units

At or Below 30% AMI:	15
At or Below 50% AMI:	23
At or Below 60% AMI:	5
At or Below 80% AMI:	4

Average Income Project (70% and/or 80% AMI Units): 50% AMI targeted average or less is required

Unit Mix

22 1-Bedroom Units
14 2-Bedroom Units
12 3-BedroomUnits
48 Total Units

Unit Type & Number	2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
7 1 Bedroom	30%	30%	\$552
3 1 Bedroom	30%	30%	\$552
3 2 Bedrooms	30%	30%	\$663
2 3 Bedrooms	30%	30%	\$766
4 1 Bedroom	50%	50%	\$921
3 1 Bedroom	50%	50%	\$921
5 2 Bedrooms	50%	50%	\$1,105
2 2 Bedrooms	50%	50%	\$1,105
8 3 Bedrooms	50%	50%	\$1,276
1 3 Bedrooms	50%	50%	\$1,276
3 1 Bedroom	60%	60%	\$1,105
1 2 Bedrooms	60%	60%	\$1,326
1 3 Bedrooms	60%	60%	\$1,532
2 1 Bedroom	80%	80%	\$1,474
2 2 Bedrooms	80%	80%	\$1,768
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,152,099
Construction Costs	\$17,805,076
Rehabilitation Costs	\$0
Construction Contingency	\$2,106,623
Relocation	\$0
Architectural/Engineering	\$1,293,051
Const. Interest, Perm. Financing	\$1,690,853
Legal Fees	\$30,000
Reserves	\$410,652
Other Costs	\$1,577,157
Developer Fee	\$1,706,026
Commercial Costs	\$0
Total	\$28,771,537

Residential

Construction Cost Per Square Foot:	\$398
Per Unit Cost:	\$599,407
True Cash Per Unit Cost*:	\$599,407

Construction Financing

Source	Amount
Silicon Valley Bank	\$19,411,000
Sonoma County - Acquisition	\$2,000,000
Sonoma County - HOME / CDBG	\$293,107
Sonoma County	\$2,000,000
City of Sonoma	\$1,483,000
AHP	\$480,000
Deferred Costs	\$1,292,935
Tax Credit Equity	\$1,811,495

Permanent Financing

Source	Amount
Century Housing - Tranche A	\$421,106
Century Housing - Tranche B	\$2,642,666
Sonoma County - Acquisition	\$2,000,000
Sonoma County - HOME/CDBG	\$293,107
Sonoma County	\$2,000,000
City of Sonoma	\$1,483,000
AHP	\$480,000
Tax Credit Equity	\$19,451,658
TOTAL	\$28,771,537

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$16,924,077
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$22,001,300
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,980,117
Approved Developer Fee in Project Cost:	\$1,706,026
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.98235

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, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$16,924,077
Actual Eligible Basis:	\$24,961,895
Unadjusted Threshold Basis Limit:	\$16,792,570
Total Adjusted Threshold Basis Limit:	\$20,385,041

Adjustments to Basis Limit

- Required to Pay State or Federal Prevailing Wages
- Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Final:	43.686%

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 or 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 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.30%. 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

The total development cost per unit is \$599,407. Similar to the Bay Area, the North Bay Region is realizing increased construction costs due to high construction demand, limited labor and increasing costs of construction materials. Destructive fires over the past two years have caused an even larger strain on this area and exacerbating all of these factors.

Staff noted that the preliminary architectural drawings did not identify the required amount of washer/dryer required by regulation. Adequate laundry facilities must be available on project premises, with no fewer than one washer/dryer per 10 units upon completion of the project prior to the issuance of federal and state tax forms.

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 Sonoma, has completed a site review of this project and strongly supports this project.

Standard Conditions

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

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 fifteen 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)(5) 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.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Negative Points		0	0
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit (van or dial-a-ride service for rural set-aside)	4	4	4
Within 1 mile of public park or community center open to general public	3	3	3
Within 2 miles of public library	2	2	2
Within 1 mile from public high school (1½ mile for rural set-aside)	3	3	3
Within 1 mile of medical clinic or hospital	3	3	3
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: GreenPoint Rated Program	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	113	113	113

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.