CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 11, 2019

Santa Ana Towers , located at 401 West First Street in Santa Ana, requested and is being recommended for a reservation of $3,146,480 in annual federal tax credits to finance the acquisition and rehabilitation of 197 units of housing serving seniors with rents affordable to households earning 50%-60% of area median income (AMI). The project will be developed by Thomas Safran & Associates and is located in Senate District 34 and Assembly District 69.

Santa Ana Towers is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Santa Ana Towers (CA-2000-857). See **Resyndication and Resyndication Transfer Event** below for additional information. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-19-572

Project Name	Santa Ana Towers	
Site Address:	401 West First Street	
	Santa Ana, CA 92701	County: Orange
Census Tract:	750.02	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$3,146,480	$0
Recommended:	$3,146,480	$0

Applicant Information

Applicant:	Santa Ana Housing, L.P
Contact:	Anthony Yannatta
Address:	11812 San Vincente Blvd., Ste 600 Los Angeles, CA 90049
Phone:	310-820-4888
Email:	anthony@tsahousing.com

General Partner(s) or Principal Owner(s):	Santa Ana Housing, LLC Housing Corporation of America
General Partner Type:	Joint Venture
Parent Company(ies):	Thomas Safran & Associates Housing Corporation of America
Developer:	Thomas Safran & Associates
Investor/Consultant:	Wells Fargo Bank
Management Agent:	Thomas Safran & Associates, Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	1
Total # of Units:	199
No. / % of Low Income Units:	197 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (197 Units - 100%)

Bond Information

Issuer:	CalHFA
Expected Date of Issuance:	12/16/2019

Information

Housing Type:	Seniors
Geographic Area:	Orange County
TCAC Project Analyst:	Carmen Doonan

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	113	57%
60% AMI:	84	43%

Unit Mix

199	1-Bedroom Units
199	Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
70	1 Bedroom	60%	60%	$1,336
90	1 Bedroom	50%	50%	$1,113
14	1 Bedroom	60%	60%	$1,336
23	1 Bedroom	50%	50%	$1,113
1	1 Bedroom	Manager’s Unit	Manager’s Unit	$0
1	1 Bedroom	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$62,017,541
Construction Costs	$0
Rehabilitation Costs	$15,685,076
Construction Hard Cost Contingency	$2,352,761
Soft Cost Contingency	$664,840
Relocation	$398,000
Architectural/Engineering	$440,000
Const. Interest, Perm. Financing	$3,547,246
Legal Fees	$248,000
Reserves	$904,735
Other Costs	$753,423
Developer Fee	$11,487,136
Commercial Costs	$0
Total	**$98,498,758**

Residential	
Construction Cost Per Square Foot:	$128
Per Unit Cost:	$494,969
True Cash Per Unit Cost*:	$371,174

Construction Financing

Source	Amount
Chase - Series A	$37,383,000
Chase	$5,076,200
Seller Carryback	$16,617,000
Operating Income	$1,216,209
Existing Reserves	$217,541
Deferred Costs	$8,410,272
Seller Credit	$1,008,135
Tax Credit Equity	$28,570,401

Permanent Financing

Source	Amount
Chase	$42,459,200
Seller Carryback	$16,617,000
Operating Income	$1,258,381
Existing Reserves	$217,541
Seller Credit	$1,008,135
Deferred Developer Fee	$8,018,100
Tax Credit Equity	$28,920,401
TOTAL	**$98,498,758**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$24,266,098
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$63,801,947
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$31,545,928
Qualified Basis (Acquisition):	$63,801,947
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$1,041,016
Maximum Annual Federal Credit, Acquisition:	$2,105,464
Total Maximum Annual Federal Credit:	$3,146,480
Approved Developer Fee (in Project Cost & Eligible Basi	$11,487,136
Investor/Consultant:	Wells Fargo Bank
Federal Tax Credit Factor:	$0.91914

Except as allowed for projects basing cost on assumed third party debt, the "as if vacant" land value and the existing improvement value established at application for all projects, 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. 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:	$88,068,045
Actual Eligible Basis:	$88,068,045
Unadjusted Threshold Basis Limit:	$54,506,498
Total Adjusted Threshold Basis Limit:	$91,025,852

Adjustments to Basis Limit

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: 57%

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 3.30% 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
The proposed rents do not include any utility allowance. The owner will pay for all utilities.

The original regulatory agreement (CA-2000-857) provided for 1 manager unit for 198 units. The project requested and was granted the approval of one additional exempt manager unit, for a total of two exempt manager units.

Resyndication and Resyndication Transfer Event
Prior to closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-2000-857). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s). Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-00-857) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

The project is a resyndication occurring concurrently with a Transfer Event with distribution of Net Project Equity. The rehabilitation scope of work shall include all of the Short Term Work in the amount of $1,008,135. There is a credit from the seller of at least $1,008,135, allowing the applicant to receive eligible basis for the entire Short Term Work amount.

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.

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 comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.