

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
January 15, 2020

River City Senior Apartments, located at 951 Petaluma Boulevard South in Petaluma, requested and is being recommended for a reservation of \$1,110,366 in annual federal tax credits and \$7,908,590 in total state tax credits to finance the new construction of 53 units of housing serving seniors with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by Petaluma Ecumenical Properties and will be located in Senate District 3 and Assembly District 10.

The project will be receiving rental assistance in the form of HUD VASH Vouchers.

Project Number CA-20-445

Project Name River City Senior Apartments
Site Address: 951 Petaluma Blvd. South
Petaluma, CA 94952 County: Sonoma
Census Tract: 1507.01

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,110,366	\$7,908,590
Recommended:	\$1,110,366	\$7,908,590

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: River City Senior Apartments, L.P.
Contact: Mary Stompe
Address: 951 Petaluma Blvd. South
Petaluma, CA 94952
Phone: (707)762-2336
Email: marys@pephousing.org

General Partner(s) or Principal Owner(s): River City Senior Apartments, LLC
General Partner Type: Nonprofit
Parent Company(ies): Petaluma Ecumenical Properties
Developer: Petaluma Ecumenical Properties
Investor/Consultant: California Housing Partnership Corporation
Management Agent: Petaluma Ecumenical Properties

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 3
 Total # of Units: 54
 No. / % of Low Income Units: 53 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD VASH Rental Subsidy (19 units - 36%)

Bond Information

Issuer: CMFA
 Expected Date of Issuance: February 15, 2020

Information

Housing Type: Seniors
 Geographic Area: Northern Region
 TCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
30% AMI: 19	36%
50% AMI: 34	64%

Unit Mix

53 1-Bedroom Units
 1 2-Bedroom Units

 54 Total Units

Unit Type & Number	2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
19 1 Bedroom	30%	30%	\$607
34 1 Bedroom	50%	50%	\$1,012
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,794,625
Construction Costs	\$18,570,741
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$948,268
Soft Cost Contingency	\$238,491
Relocation	\$0
Architectural/Engineering	\$1,157,000
Const. Interest, Perm. Financing	\$1,774,884
Legal Fees	\$75,500
Reserves	\$165,183
Other Costs	\$894,654
Developer Fee	\$3,135,564
Commercial Costs	\$0
Total	\$28,754,910

Residential

Construction Cost Per Square Foot:	\$407
Per Unit Cost:	\$532,498
True Cash Per Unit Cost*:	\$466,441

Construction Financing

Source	Amount
Wells Fargo Bank	\$16,455,142
Wells Fargo Bank Taxable Loan	\$3,477,173
City of Petaluma Grant	\$108,000
City of Petaluma Loan	\$1,500,000
Home Depot Grant	\$250,000
Seller Carryback Loan	\$1,300,000
Deferred Costs	\$373,315
GP Contribution	\$100
Deferred Developer Fee	\$2,267,072
Tax Credit Equity	\$3,024,108

Permanent Financing

Source	Amount
CCRC	\$4,683,000
City of Petaluma Grant	\$108,000
City of Petaluma Loan	\$1,500,000
Sonoma County Housing Loan	\$600,000
Sonoma County HEAP Loan	\$975,000
Home Depot Grant	\$250,000
Seller Carryback Loan	\$1,300,000
Deferred Developer Fee	\$2,267,072
LP Contributions	\$100
Tax Credit Equity	\$17,071,738
TOTAL	\$28,754,910

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$26,361,966
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$34,270,556
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$1,110,366
Total State Credit:	\$7,908,590
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,135,564
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.97221
State Tax Credit Factor:	\$0.79364

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:	\$26,361,966
Actual Eligible Basis:	\$26,361,966
Unadjusted Threshold Basis Limit:	\$18,334,296
Total Adjusted Threshold Basis Limit:	\$49,013,074

Adjustments to Basis Limit

Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages

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: 64%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 70%

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 3.24% 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: None.

Resyndication and Resyndication Transfer Event: None.

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.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

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.