

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
January 15, 2020**

Willowglen Apartments, located at the corner of Bodway Parkway and Valley House Drive in Rohnert Park, requested and is being recommended for a reservation of \$732,775 in annual federal tax credits and \$5,159,730 in total state tax credits to finance the new construction of 35 units of housing serving tenants with rents affordable to households earning 30%-70% of area median income (AMI). The project will be developed by Burbank Housing Development Corporation and will be located in Senate District 3 and Assembly District 4.

Project Number CA-20-450

Project Name Willowglen Apartments
Site Address: Corner of Bodway Parkway and Valley House Drive
Rohnert Park, CA 94928 County: Sonoma
Census Tract: 1513.11

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$732,775	\$5,159,730
Recommended:	\$732,775	\$5,159,730

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

Applicant Information

Applicant: Burbank Housing Development Corporation
Contact: Richard Wallach
Address: 790 Sonoma Avenue
Rohnert Park, CA 95404
Phone: (707) 303-1006
Email: rwallach@burbankhousing.org

General Partner(s) or Principal Owner(s): Burbank Housing Development Corporation
Penn Grove Mountain LLC
General Partner Type: Joint Venture
Parent Company(ies): Burbank Housing Development Corporation
Developer: Burbank Housing Development Corporation
Investor/Consultant: California Housing Partnership Corporation
Management Agent: Burbank Housing Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 3
 Total # of Units: 36
 No. / % of Low Income Units: 35 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt

Bond Information

Issuer: CMFA
 Expected Date of Issuance: July 1, 2019

Information

Housing Type: Non-Targeted
 Geographic Area: Northern Region
 TCAC Project Analyst: Sara Dixon

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 6	17%
50% AMI: 12	34%
70% AMI: 17	49%

Unit Mix

18 1-Bedroom Units
12 2-Bedroom Units
6 3-Bedroom Units
<u>36 Total Units</u>

<u>Unit Type & Number</u>	<u>2019 Rents Targeted % of Area Median Income</u>	<u>2019 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 1 Bedroom	30%	30%	\$607
2 2 Bedrooms	30%	30%	\$729
1 3 Bedrooms	30%	30%	\$842
6 1 Bedroom	50%	50%	\$1,012
4 2 Bedrooms	50%	50%	\$1,215
2 3 Bedrooms	50%	50%	\$1,404
9 1 Bedroom	65%	65%	\$1,316
6 2 Bedrooms	65%	65%	\$1,580
2 3 Bedrooms	65%	65%	\$1,825
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,979,460
Construction Costs	\$10,010,000
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,198,946
Soft Cost Contingency	\$175,000
Relocation	\$0
Architectural/Engineering	\$300,000
Const. Interest, Perm. Financing	\$927,477
Legal Fees	\$257,500
Reserves	\$109,297
Other Costs	\$1,198,088
Developer Fee	\$2,069,284
Commercial Costs	\$0
Total	\$18,225,052

Residential

Construction Cost Per Square Foot:	\$308
Per Unit Cost:	\$506,251
True Cash Per Unit Cost*:	\$477,511

Construction Financing

<u>Source</u>	<u>Amount</u>
US Bank - Tax Exempt	\$10,000,000
US Bank - Taxable	\$3,052,003
Deferred Costs	\$833,322
General Partner Loan	\$2,147,060
General Partner Contribution	\$100
Deferred Developer Fee	\$1,034,642
Tax Credit Equity	\$1,157,925

Permanent Financing

<u>Source</u>	<u>Amount</u>
US Bank	\$3,464,000
General Partner Loan	\$2,147,060
General Partner Contribution	\$100
Deferred Developer Fees	\$1,034,642
Tax Credit Equity	\$11,579,250
TOTAL	\$18,225,052

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$17,397,315
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$22,616,510
Applicable Rate:	3.24%
Maximum Annual Federal Credit:	\$732,775
Total State Credit:	\$5,159,730
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,069,284
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$1.00990
State Tax Credit Factor:	\$0.80992

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:	\$17,397,315
Actual Eligible Basis:	\$17,397,315
Unadjusted Threshold Basis Limit:	\$14,117,616
Total Adjusted Threshold Basis Limit:	\$23,717,595

Adjustments to Basis Limit

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 34%
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 34%

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.