CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
September 16, 2020

Healdsburg Scattered Site, located at 1689 Canyon Run, 1302 Prentice Drive, 531-535 University Street, and 500 Piper Street in Healdsburg, requested and is being recommended for a reservation of $1,461,835 in annual federal tax credits to finance the acquisition and rehabilitation of 88 units of housing serving tenants with rents affordable to households earning 50-80% of area median income (AMI). The project will be developed by Burbank Housing Development Corporation and is located in Senate District 2 and Assembly District 2.

Healdsburg Scattered Site includes the re-syndication of one site that is an existing Low Income Housing Tax Credit (LIHTC) project, Canyon Run Apartments (CA-2002-814). 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 Voucher. The project financing includes state funding from the School Facility Fee Reimbursement Program through CalHFA.

Project Number	CA-20-637	
Project Name	Healdsburg Scattered Site	
Site Address:	Site 1 1689 Canyon Run Healdsburg, CA 95448	Site 2 1302 Prentice Drive Healdsburg, CA 95448
Census Tract:	1539.010	1539.020
	Site 3 531-535 University Street Healdsburg, CA 95448	Site 3 500 Piper Street Healdsburg, CA 95448
Census Tract	1539.030	1539.030
County:	Sonoma	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,461,835	$0
Recommended:	$1,461,835	$0

Applicant Information

Applicant:	Burbank Housing Development Corporation
Contact:	Rich Wallach
Address:	790 Sonoma Ave Santa Rosa, CA 95448
Phone:	707-303-1006
Email:	Rwallach@burbankhousing.org

General Partner(s) or Principal Owner(s):	Monte Vina, LLC
General Partner Type:	Nonprofit
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:	Acquisition & Rehabilitation	
Total # Residential Buildings:	14	
Total # of Units:	90	
No. / % of Low Income Units:	88	100.00%
Federal Set-Aside Elected:	40%/60% Average Income	
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (9% / 8 Units) / HOME / CDBG	

Bond Information

Issuer:	CalHFA
Expected Date of Issuance:	February 1, 2021

Information

Housing Type:	Non-Targeted
Geographic Area:	Northern Region
TCAC Project Analyst:	Jack Waegell

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	34	39%
60% AMI:	42	48%
80% AMI:	12	14%

Unit Mix

9	SRO/Studio Units
23	1-Bedroom Units
31	2-Bedroom Units
21	3-Bedroom Units
6	4-Bedroom Units
90	Total Units

Unit Type & Number		2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
4	1 Bedroom	50%	50%	$1,059
6	2 Bedrooms	50%	47%	$1,205
2	2 Bedrooms	60%	47%	$1,199
2	1 Bedroom	80%	67%	$1,423
8	2 Bedrooms	80%	50%	$1,267
2	SRO/Studio	50%	40%	$795
1	1 Bedroom	50%	40%	$851
3	2 Bedrooms	50%	40%	$1,015
6	3 Bedrooms	50%	39%	$1,158
4	SRO/Studio	60%	50%	$986
5	1 Bedroom	60%	54%	$1,146
9	2 Bedrooms	60%	50%	$1,269
15	3 Bedrooms	60%	51%	$1,498
5	4 Bedrooms	60%	48%	$1,587
5	1 Bedroom	50%	48%	$1,012
1	2 Bedrooms	50%	42%	$1,063
1	1 Bedroom	60%	44%	$932
1	2 Bedrooms	80%	40%	$1,026
2	SRO/Studio	50%	50%	$995
4	1 Bedroom	50%	42%	$896
1	1 Bedroom	60%	39%	$839
1	SRO/Studio	80%	42%	$830
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0
1	4 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$22,300,000
Construction Costs	$0
Rehabilitation Costs	$11,096,743
Construction Hard Cost Contingency	$1,109,674
Soft Cost Contingency	$203,372
Relocation	$711,717
Architectural/Engineering	$353,400
Const. Interest, Perm. Financing	$2,079,830
Legal Fees	$140,000
Reserves	$471,628
Other Costs	$347,302
Developer Fee	$4,799,137
Commercial Costs	$0
Total	**$43,612,803**

Residential	
Construction Cost Per Square Foot:	$134
Per Unit Cost:	$484,587
True Cash Per Unit Cost*:	$353,820

Construction Financing

Source	Amount
US Bank - Tax-exempt Bonds	$22,682,424
City of Healdsburg Loan	$2,372,904
City of Healdsburg Loan	$1,621,042
Sonoma Co. CDC HOME/CDBG	$865,556
CalHFA - Loan**	$108,120
Assumed/Deferred Interest	$220,299
Home Sonoma Co. - GP Loan***	$1,007,000
Seller Carryback Loan	$9,469,865
Costs Deferred Until Conversion	$1,791,028
General Partner Equity	$100
Deferred Developer Fee	$2,299,137
Tax Credit Equity	$1,175,328

Permanent Financing

Source	Amount
US Bank - Tranche A Loan	$6,428,000
US Bank - Tranche B Loan	$650,000
City of Healdsburg Loan	$2,372,904
City of Healdsburg Loan	$1,621,042
Sonoma Co. CDC HOME/CDBG	$865,556
CalHFA - Loan**	$108,120
Assumed/Deferred Interest	$220,299
Home Sonoma Co. - GP Loan***	$1,007,000
Seller Carryback Loan	$9,469,865
Sponsor Loan	$5,490,000
General Partner Equity	$100
Deferred Developer Fee	$2,299,137
Tax Credit Equity	$13,080,780
TOTAL	**$43,612,803**

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

**CalHFA - School Fee Reimbursement Program loan.

***General Partner loan of funds from Home Sonoma County - Reach for Home (Homeless Emergency Aid Program - HEAP)

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$15,900,160
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$24,448,142
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$20,670,208
Qualified Basis (Acquisition):	$24,448,142
Applicable Rate:	3.24%
Maximum Annual Federal Credit, Rehabilitation:	$669,715
Maximum Annual Federal Credit, Acquisition:	$792,120
Total Maximum Annual Federal Credit:	$1,461,835
Approved Developer Fee (in Project Cost & Eligible Basis):	$4,799,137
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$0.89482

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:	$40,348,302
Actual Eligible Basis:	$40,348,302
Unadjusted Threshold Basis Limit:	$39,953,516
Total Adjusted Threshold Basis Limit:	$55,135,852

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: 38%

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 3.24% 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

The project is comprised of 4 scattered sites located within approximately 1.7 miles of each other in the city of Healdsburg. 1648 Canyon Run, Canyon Run Apartments, has 51 total units including a manager's unit and is an existing tax credit project, CA-02-814, that is being resyndicated as part this application. The second site, Monte Vina Apartments, at 1302 Prentice Drive, has 23 total units including a manger's unit. The third site, 531-535 University Street and fourth site, 500 Piper Street, each have 8 units without a manager's unit.

The 8-unit site at 531-535 University Street is proposed to not include an accessible unit because of the prohibitive cost of the work necessary to modify the site and the unit to make it accessible. This scattered site project will meet the accessibility requirements under regulation section 10326(g)(6), as described in 10325(f)(7)(K), in part, by providing an additional accessible unit at the nearby 500 Piper Street site.

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-2002-814). 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). Approximately five existing households in the project may be over-income and not qualify as low-income housing tax credit tenants. The one site that is not affected is the resyndication site, CA-02-814, 1689 Canyon Run Apartments, where the households are "grandfathered" in as low-income housing tax credit tenants in this application, CA-20-637. As a result, at place-in-service, any units not occupied by income-qualified tenants will be not considered tax credit units and the applicable fraction will be adjusted accordingly. However, any non-qualified units will be rent-restricted at 80% of area median income (AMI) in the recorded TCAC regulatory agreement in order to meet the scattered-site requirement of Section 42(g)(7) of the Internal Revenue Code. The recorded TCAC regulatory agreement will also require that upon turnover the unit(s) must be occupied by income-qualified

The project is a resyndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from setting aside a Short Term Capitalized Replacement Reserve that is otherwise required.

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.