

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2020 Second Round**

**October 14, 2020**

Stony Oaks Apartments, located at 2542 Old Stony Point Road in Santa Rosa, requested and is being recommended for a reservation of \$5,000,000 in annual federal tax credits to finance the new construction of 140 units of housing serving families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Meta Housing Corporation and will be located in Senate District 2 and Assembly District 10.

**Project Number** CA-20-136

**Project Name** Stony Oaks Apartments  
Site Address: 2542 Old Stony Point Rd.  
Santa Rosa, CA 95407 County: Sonoma  
Census Tract: 1531.030

<b>Tax Credit Amounts</b>	<b>Federal/Annual *</b>	<b>State/Total</b>
Requested:	\$5,000,000	\$0
Recommended:	\$5,000,000	\$0

\* Further Consolidated Appropriations Act, 2020 (FCAA) Credits

**Applicant Information**

Applicant: Stony Oaks, L.P.  
Contact: Aaron Mandel  
Address: 11150 West Olympic Blvd, Suite 620  
Los Angeles, CA 90064  
Phone: (310) 575-3543  
Email: amandel@metahousing.com  
  
General Partner(s) / Principal Owner(s): Stony Oaks, LLC  
FFAH V Stony Oaks, LLC  
General Partner Type: Joint Venture  
Parent Company(ies): Meta Housing Corporation  
Foundation for Affordable Housing V, Inc.  
Developer: Meta Housing Corporation  
Investor/Consultant: Red Stone Equity Partners  
Management Agent(s): Cambridge Real Estate Services

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 4  
Total # of Units: 142  
Total # of Tax Credit Units: 142  
No. & % of Low Income Units: 140 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: N/A

**Information**

County Allocation: Sonoma  
 Housing Type: Large Family  
 TCAC Project Analyst: Franklin Cui

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI:	14
At or Below 35% AMI:	28
At or Below 40% AMI:	14
At or Below 60% AMI:	84

**Unit Mix**

56 1-Bedroom Units
48 2-Bedroom Units
38 3-Bedroom Units
<b>142 Total Units</b>

<u>Unit Type &amp; Number</u>	<u>2020 Rents Targeted % of Area Median Income</u>	<u>2020 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 1 Bedroom	30%	30%	\$639
28 1 Bedroom	35%	35%	\$746
14 1 Bedroom	40%	40%	\$852
9 1 Bedroom	60%	60%	\$1,278
5 2 Bedrooms	30%	30%	\$767
41 2 Bedrooms	60%	60%	\$1,534
4 3 Bedrooms	30%	30%	\$886
34 3 Bedrooms	60%	60%	\$1,772
2 2 Bedrooms	Manager's Unit	Manager's Unit	\$2,557

**Project Cost Summary at Application**

Land and Acquisition	\$6,681,807
Construction Costs	\$42,305,255
Rehabilitation Costs	\$0
Construction Contingency	\$2,657,513
Relocation	\$0
Architectural/Engineering	\$1,897,300
Const. Interest, Perm. Financing	\$3,402,305
Legal Fees	\$225,000
Reserves	\$465,928
Other Costs	\$4,244,907
Developer Fee	\$2,200,000
Commercial Costs	\$0
<b>Total</b>	<b>\$64,080,015</b>

**Residential**

Construction Cost Per Square Foot:	\$276
Per Unit Cost:	\$451,268
True Cash Per Unit Cost*:	\$448,227

**Construction Financing**

**Permanent Financing**

Source	Amount	Source	Amount
Citibank	\$45,800,000	Citibank	\$16,448,256
Deferred Costs	\$1,830,015	TCAC Performance Deposit Refund	\$200,000
Tax Credit Equity	\$16,450,000	Deferred Developer Fee	\$431,759
		Tax Credit Equity	\$47,000,000
		<b>TOTAL</b>	<b>\$64,080,015</b>

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

#### Determination of Credit Amount(s)

Requested Eligible Basis:	\$54,511,310
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$70,864,703
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$5,000,000
Approved Developer Fee in Project Cost:	\$2,200,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Red Stone Equity Partners
Federal Tax Credit Factor:	\$0.94000

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:	\$54,511,310
Actual Eligible Basis:	\$54,511,310
Unadjusted Threshold Basis Limit:	\$53,334,248
Total Adjusted Threshold Basis Limit:	\$60,079,437

#### Adjustments to Basis Limit

Local Development Impact Fees  
95% of Upper Floor Units are Elevator-Serviced

#### Tie-Breaker Information

First:	<b>Letter of Support</b>
Second:	<b>\$35,211.27</b>

#### 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, 3.24%. 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**

Impact fees in Attachment 18(A) are higher by \$2,038,694 than in the Sources and Uses Budget. The difference is deemed to be covered by the contingency line item as permitted by TCAC Regulation Section 10327(a).

**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, the City of Santa Rosa, has completed a site review of this project and has no position on this project.

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation. 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 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 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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
After school program for school age children, minimum of 6 hours/week	3	3	3
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Total Points</b>	<b>81</b>	<b>81</b>	<b>81</b>

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**