CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 9, 2020

The Calms at Burgess Point, located at 91 Riverview Terrace in Benicia, requested and is being recommended for a reservation of $675,194 in annual federal tax credits to finance the acquisition and rehabilitation of 55 units of housing serving large families with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Solano Affordable Housing Foundation and is located in Senate District 3 and Assembly District 4.

The Calms at Burgess Point is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, CA-2003-837. See **Resyndication and Resyndication Transfer Event** below for additional

Project Number CA-20-705

Project Name	The Calms at Burgess Point	
Site Address:	91 Riverview Terrace	
	Benicia, CA 94510	County: Solano
Census Tract:	2521.08	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$675,194	$0
Recommended:	$675,194	$0

Applicant Information

Applicant:	Calms at Burgess, LP
Contact:	Don F Harris
Address:	1411 Oliver Road Suite 220
	Fairfield, CA 94534
Phone:	707-422-5919
Email:	donh@solanohousing.org

General Partner(s) or Principal Owner(s):	Benicia Calms, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Solano Affordable Housing Foundation
Developer:	Solano Affordable Housing Foundation
Investor/Consultant:	R4 Capital Funding
Management Agent:	John Stewart Company

Project Information

Construction Type:	Acquisition & Rehabilitation	
Total # Residential Buildings:	9	
Total # of Units:	56	
No. / % of Low Income Units:	55	100.00%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt	

Bond Information

Issuer:	CalHFA
Expected Date of Issuance:	September 24, 2020

Information

Housing Type:	Large Family
Geographic Area:	Northern Region
TCAC Project Analyst:	Brett Andersen

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	16	29%
60% AMI:	39	71%

Unit Mix

12	1-Bedroom Units
24	2-Bedroom Units
20	3-Bedroom Units
56	Total Units

Unit Type & Number		2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
5	1 Bedroom	50%	50%	$867
7	1 Bedroom	60%	60%	$1,040
6	2 Bedrooms	50%	50%	$1,041
18	2 Bedrooms	60%	60%	$1,249
5	3 Bedrooms	50%	50%	$1,202
14	3 Bedrooms	60%	60%	$1,442
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$10,800,000
Construction Costs	$0
Rehabilitation Costs	$4,230,431
Construction Hard Cost Contingency	$419,110
Soft Cost Contingency	$300,000
Relocation	$1,170,000
Architectural/Engineering	$350,000
Const. Interest, Perm. Financing	$574,505
Legal Fees	$105,000
Reserves	$166,985
Other Costs	$487,677
Developer Fee	$2,219,180
Commercial Costs	$0
Total	**$20,822,888**

Residential

Construction Cost Per Square Foot:	$50
Per Unit Cost:	$371,837
True Cash Per Unit Cost*:	$357,708

Construction Financing

Source	Amount
Orix Real Estate Capital	$6,485,000
R4 Capital Funding - Tax Exempt	$4,100,186
Seller Carryback	$4,595,223
City of Benicia HA[1] (Assumed)	$2,399,625
Deferred Costs	$1,697,065
Property Reserves	$245,115
Tax Credit Equity	$1,261,339

Permanent Financing

Source	Amount
Orix Real Estate Capital	$6,485,000
Seller Carryback	$4,595,223
City of Benicia HA[1] (Assumed)	$2,399,625
Property Reserves	$245,115
Deferred Developer Fee	$791,229
Tax Credit Equity	$6,306,696
TOTAL	**$20,822,888**

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee
City of Benicia Housing Authority[1]

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$7,272,552
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$11,385,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$9,454,318
Qualified Basis (Acquisition):	$11,385,000
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	$675,194
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,219,180
Investor/Consultant:	R4 Capital Funding
Federal Tax Credit Factor:	$0.93406

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:	$18,657,552
Actual Eligible Basis:	$18,657,552
Unadjusted Threshold Basis Limit:	$24,295,584
Total Adjusted Threshold Basis Limit:	$31,341,303

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: 29%

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

Prior to closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-03-837). 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-03-837) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on TCAC staff's review of the commitment in the application. The services documented in the placed in service package will be reviewed by TCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a re-syndication occurring concurrently with a Transfer Event with distribution of Net Project Equity, which is otherwise required to set aside a Short Term Work Capitalized Replacement Reserve in the amount of $319,335. In lieu of a Short Term Work Capitalized Reserve, the applicant is allowed to use the Short Term Work Reserve Amount to fund rehabilitation expenses. The Short Term Work Reserve Amount of $319,335 is excluded from eligible basis.

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

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.