CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 22, 2021

Aviara, located at 1385 West College Avenue in Santa Rosa, requested and is being recommended for a reservation of $2,452,937 in annual federal tax credits to finance the new construction of 135 units of housing serving tenants with rents affordable to households earning 30-70% of area median income (AMI).The project requested $3,127,997 in state tax credits, but due to the limited availability, is not being recommended any state tax credits. The project will be developed by 1385 West College Avenue and will be located in Senate District 2 and Assembly District 2.

Project Number CA-21-726

Project Name Aviara

Site Address:	1385 West College Avenue	
	Santa Rosa, CA 95401	County: Sonoma
Census Tract:	1530.01	

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$2,452,937	$3,127,997
Recommended:	$2,452,937	$0

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant:	MM Aviara, L.P. on behalf of MM Aviara, L.P.
Contact:	Robert W. Laing
Address:	16935 West Bernardo Drive, Suite 238 San Diego, CA 92127
Phone:	858-675-0506
Email:	robertlaing@pswcdc.org

General Partner(s) or Principal Owner(s):	Pacific Southwest Community Development Corp. Corporation McKellar McGowan Holdings, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Pacific Southwest Community Development Corp. Corporation McKellar McGowan Holdings, LLC
Developer:	McKellar McGowan Holdings, LLC
Bond Issuer:	California Municipal Finance Authority
Investor/Consultant:	Raymond James
Management Agent:	ConAm Management Corporation

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	6
Total # of Units:	136
No. / % of Low Income Units:	135 100.00%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt

Information

Housing Type:	Non-Targeted
Geographic Area:	Northern Region
TCAC Project Analyst:	Franklin Cui

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	14	10%
50% AMI:	14	10%
60% AMI:	57	42%
70% AMI:	50	37%

Unit Mix

84	2-Bedroom Units
52	3-Bedroom Units
136	Total Units

Unit Type & Number		2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
8	2 Bedrooms	30%	$785
8	2 Bedrooms	50%	$1,308
37	2 Bedrooms	60%	$1,570
30	2 Bedrooms	70%	$1,832
6	3 Bedrooms	30%	$907
6	3 Bedrooms	50%	$1,512
20	3 Bedrooms	60%	$1,815
20	3 Bedrooms	70%	$2,117
1	2 Bedrooms	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$4,115,000
Construction Costs	$31,456,768
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$1,572,838
Soft Cost Contingency	$402,456
Relocation	$0
Architectural/Engineering	$1,197,500
Const. Interest, Perm. Financing	$3,012,956
Legal Fees	$207,500
Reserves	$546,659
Other Costs	$4,819,629
Developer Fee	$6,152,851
Commercial Costs	$0
Total	**$53,484,159**

Residential

Construction Cost Per Square Foot:	$278
Per Unit Cost:	$393,266
True Cash Per Unit Cost*:	$366,379

Construction Financing

Source	Amount
Citi	$27,564,000
Citi Taxable Bonds	$13,324,579
Citi Tax-Exempt Recycled Bonds	$5,000,000
Deferred Costs	$5,247,831
Tax Credit Equity	$2,347,748

Permanent Financing

Source	Amount
Citi	$26,350,000
Deferred Developer Fee	$3,656,676
State Credit Backfill (TBD)	$2,627,517
Tax Credit Equity	$20,849,965
TOTAL	**$53,484,159**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$47,171,860
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$61,323,419
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	$2,452,937
Total State Credit:	$0
Approved Developer Fee (in Project Cost & Eligible Basis):	$6,152,851
Investor/Consultant:	Raymond James
Federal Tax Credit Factor:	$0.85000
State Tax Credit Factor:	$0.84000

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.

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.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

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.