

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 30, 2022

Drake Avenue Apartments, located at 825 Drake Avenue in Sausalito, requested and is being recommended for a reservation of \$2,747,012 in annual federal tax credits to finance the new construction of 73 units of housing serving tenants with rents affordable to households earning 30%-70% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 2 and Assembly District 10.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-22-539

Project Name Drake Avenue Apartments
Site Address: 825 Drake Avenue
Sausalito, CA 94965 County: Marin
Census Tract: 1290.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,747,012	\$0
Recommended:	\$2,747,012	\$0

Applicant Information

Applicant: Marin County Pacific Associates, a California Limited Partnership
Contact: Caleb Roope
Address: 430 E. State Street, Suite 100
Eagle, ID 83616
Phone: 208.461.0022
Email: calebr@tpchousing.com

General Partner(s) or Principal Owner(s): Central Valley Coalition for Affordable Housing
TPC Holdings IX, LLC

General Partner Type: Joint Venture

Parent Company(ies): Central Valley Coalition for Affordable Housing
The Pacific Companies

Developer: Pacific West Communities, Inc.

Bond Issuer: California Municipal Finance Authority

Investor/Consultant: Boston Financial

Management Agent: ConAm Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 74
 No. / % of Low Income Units: 73 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (25 units - 34%)

Information

Housing Type: Non-Targeted
 Geographic Area: Northern Region
 CTCAC Project Analyst: Tiffani Negrete

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	16	22%
50% AMI:	8	11%
60% AMI:	29	40%
70% AMI:	20	27%

Unit Mix

26 1-Bedroom Units
40 2-Bedroom Units
8 3-Bedroom Units
74 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
12 1 Bedroom	30%	\$1,048
5 1 Bedroom	50%	\$1,748
5 1 Bedroom	60%	\$2,097
4 1 Bedroom	70%	\$2,447
3 2 Bedrooms	30%	\$1,258
2 2 Bedrooms	50%	\$2,097
20 2 Bedrooms	60%	\$2,517
14 2 Bedrooms	70%	\$2,936
1 3 Bedrooms	30%	\$1,454
1 3 Bedrooms	50%	\$2,423
4 3 Bedrooms	60%	\$2,908
2 3 Bedrooms	70%	\$3,393
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,850,000
Construction Costs	\$36,721,650
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,000,000
Soft Cost Contingency	\$500,000
Relocation	\$0
Architectural/Engineering	\$1,025,000
Const. Interest, Perm. Financing	\$3,484,350
Legal Fees	\$100,000
Reserves	\$792,697
Other Costs	\$2,348,896
Developer Fee	\$6,000,000
Commercial Costs	\$0
Total	\$56,822,593

Residential

Construction Cost Per Square Foot:	\$508
Per Unit Cost:	\$767,873
True Cash Per Unit Cost*:	\$720,576

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank - Tax-Exempt Bonds	\$30,000,000	Citibank - Tax-Exempt Bonds	\$24,250,000
Citibank - Taxable Bonds	\$11,700,000	Bonneville - Recycled Bonds	\$6,000,000
Bonneville - Recycled Bonds	\$6,000,000	Deferred Developer Fee	\$3,500,000
Deferred Costs	\$792,697	Tax Credit Equity	\$23,072,593
Deferred Developer Fee	\$6,000,000	TOTAL	\$56,822,593
Tax Credit Equity	\$2,329,896		

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$52,827,155
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$68,675,302
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,747,012
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,000,000
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.83992

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.

CTCAC 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 CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC 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, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, 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 CTCAC 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 CTCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.