

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
December 6, 2023**

Vigil Light Senior Apartments, located at 1945 Long Drive in Santa Rosa, requested and is being recommended for a reservation of \$1,211,248 in annual federal tax credits to finance the acquisition & rehabilitation of 48 units of housing serving tenants with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by PEP Housing and is located in Senate District 2 and Assembly District 2.

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

**Project Number** CA-23-594

**Project Name** Vigil Light Senior Apartments  
Site Address: 1945 Long Drive  
Santa Rosa, CA 95405  
County: Sonoma  
Census Tract: 1523.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,211,248	\$0
Recommended:	\$1,211,248	\$0

**Applicant Information**

Applicant: Vigil Light Senior Apartments LLC  
Contact: Jennifer Litwak  
Address: 625 Acacia Lane  
Santa Rosa, CA 95409  
Phone: 707.762.2336  
Email: jlitwak@pephousing.org

General Partner(s) or Principal Owner(s): Vigil Light Senior Apartments LLC  
General Partner Type: Nonprofit  
Parent Company(ies): PEP Housing  
Developer: PEP Housing  
Bond Issuer: California Municipal Finance Authority  
Investor/Consultant: California Housing Partnership Corporation  
Management Agent: PEP Housing

**Project Information**

Construction Type: Acquisition & Rehabilitation  
Total # Residential Buildings: 13  
Total # of Units: 49  
No. / % of Low Income Units: 48 100.00%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt / CDBG / HUD Section 8 Project-based Contract  
(48 Units - 100%)

**Information**

Housing Type: Non-Targeted  
 Geographic Area: Northern Region  
 CTCAC Project Analyst: Ruben Barcelo

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	24	50%
50% AMI:	24	50%

**Unit Mix**

12 SRO/Studio Units
36 1-Bedroom Units
1 2-Bedroom Units
<b>49 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2023 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
6 SRO/Studio	30%	\$660
18 1 Bedroom	30%	\$708
6 SRO/Studio	50%	\$1,101
18 1 Bedroom	50%	\$1,180
1 2 Bedrooms	Manager Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$13,250,951
Construction Costs	\$0
Rehabilitation Costs	\$9,018,034
Construction Hard Cost Contingency	\$961,803
Soft Cost Contingency	\$214,575
Relocation	\$265,000
Architectural/Engineering	\$580,235
Const. Interest, Perm. Financing	\$1,715,667
Legal Fees	\$150,000
Reserves	\$258,411
Other Costs	\$181,674
Developer Fee	\$2,000,000
Commercial Costs	\$0
<b>Total</b>	<b>\$28,596,350</b>

**Residential**

Construction Cost Per Square Foot:	\$298
Per Unit Cost:	\$583,599
True Cash Per Unit Cost*:	\$490,220

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
BMO Bank	\$14,778,808	BMO Bank	\$5,594,000
CDBG - Loan	\$1,440,481	CDBG - Loan	\$1,440,481
Santa Rosa - Loans	\$779,519	Santa Rosa - Loans	\$779,519
Santa Rosa - Housing Impact Loan	\$1,073,583	Santa Rosa - Housing Impact Loan	\$1,073,583
PEP Housing - Assumed Loan	\$1,088,833	Vigil Light, Inc. - Loan	\$1,500,000
Accrued Interest	\$160,327	PEP Housing - Assumed Loan	\$1,088,833
Seller Carryback Loan	\$4,575,569	Accrued Interest	\$160,327
Reserves	\$598,665	Seller Carryback Loan	\$4,575,569
Deferred Costs	\$2,011,000	Net Operating Income	\$628,838
Tax Credit Equity	\$2,089,565	Reserves	\$598,665
		Tax Credit Equity	\$11,156,535
		<b>TOTAL</b>	<b>\$28,596,350</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$12,932,633
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$13,468,778
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$16,812,423
Qualified Basis (Acquisition):	\$13,468,778
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$672,497
Maximum Annual Federal Credit, Acquisition:	\$538,751
Total Maximum Annual Federal Credit:	\$1,211,248
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,000,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.92108

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**

The applicant's estimate of contractor profit, overhead and general requirements costs exceeds CTCAC limit of 14% based on the specific line item costs. However, the estimated costs are within the limits if the hard cost contingency is included in the calculation. The applicant is cautioned that at final review, prior to the issuance of the IRS 8609 forms, any costs or eligible basis that exceeds the limits will not be allowed.

**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.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).