CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 6, 2023

Del Nido Apartments, located at 850 Russell Avenue in Santa Rosa, requested and is being recommended for a reservation of $2,972,052 in annual federal tax credits to finance the acquisition & rehabilitation of 204 units of housing serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Eden Housing, Inc. and is located in Senate District 2 and Assembly District 2.

Del Nido Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Del Nido Apartments (CA-98-933). See Resyndication and Resyndication Transfer Event below for additional information. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and HUD Section 8 Project-based Contracts.

Project Number CA-23-601

Project Name Del Nido Apartments
Site Address: 850 Russell Avenue
Santa Rosa, CA 95403
County: Sonoma
Census Tract: 1528.04

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,972,052	$0
Recommended:	$2,972,052	$0

Applicant Information
Applicant: Eden Housing, Inc.
Contact: Andrea Osgood
Address: 22645 Grand Street
Hayward, CA 94541
Phone: 510-247-8176
Email: aosgood@edenhousing.org

General Partner(s) or Principal Owner(s): New Del Nido, LLC
General Partner Type: Nonprofit
Parent Company(ies): Eden Housing, Inc.
Developer: Eden Housing, Inc.
Bond Issuer: California Municipal Finance Authority
Investor/Consultant: California Housing Partnership
Management Agent: Eden Housing Management, Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	20
Total # of Units:	206
No. / % of Low Income Units:	204 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (8 Units - 4%) / HUD Project-Based Contract (30 Units - 15%)

Information

Housing Type:	Non-Targeted
Geographic Area:	Northern Region
CTCAC Project Analyst:	Cynthia Compton

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	30	15%
50% AMI:	8	4%
60% AMI:	166	81%

Unit Mix

59	SRO/Studio Units
146	1-Bedroom Units
1	2-Bedroom Units
206	Total Units

Unit Type & Number		2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
12	SRO/Studio	30%	$480
18	1 Bedroom	30%	$453
8	1 Bedroom	50%	$593
47	SRO/Studio	60%	$1,255
119	1 Bedroom	60%	$1,117
1	1 Bedroom	Manager’s Unit	$0
1	2 Bedrooms	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$40,238,744
Construction Costs	$0
Rehabilitation Costs	$15,487,038
Construction Hard Cost Contingency	$2,654,487
Soft Cost Contingency	$286,893
Relocation	$625,000
Architectural/Engineering	$1,123,200
Const. Interest, Perm. Financing	$6,724,295
Legal Fees	$186,900
Reserves	$885,802
Other Costs	$958,514
Developer Fee	$5,297,298
Commercial Costs	$0
Total	**$74,468,171**

Residential

Construction Cost Per Square Foot:	$120
Per Unit Cost:	$361,496
True Cash Per Unit Cost*:	$229,468

Construction Financing

Source	Amount
US Bank: Tax-Exempt	$37,239,587
US Bank: Recycled Tax-Exempt	$2,998,854
Seller Carryback	$23,000,465
Acquired Reserves	$322,105
Accrued Deferred Interest	$1,919,839
Deferred Costs	$1,525,261
General Partner Contribution	$100
Deferred Developer Fee	$4,197,298
Tax Credit Equity	$3,264,662

Permanent Financing

Source	Amount
U.S Bank: Tax Exempt	$11,574,000
Seller Carryback	$23,000,465
Accrued Reserves	$322,105
Accrued Deferred Interest	$1,919,839
Net Operating Income	$1,295,493
General Partner Loan	$3,500,000
General Partner Contribution	$100
Deferred Developer Fee	$4,197,298
Tax Credit Equity	$28,658,871
TOTAL	**$74,468,171**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$25,669,647
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$40,930,752
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$33,370,541
Qualified Basis (Acquisition):	$40,930,752
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$1,334,822
Maximum Annual Federal Credit, Acquisition:	$1,637,230
Total Maximum Annual Federal Credit:	$2,972,052
Approved Developer Fee (in Project Cost & Eligible Basis):	$5,297,298
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	$0.96428

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 requested and has been granted a waiver to reduce the 10% mobility feature requirement under CTCAC Regulation Section 10325(f)(7)(K) to 5% of the units (11 units) that have mobility features in accordance with California Building Code Chapter 11(B). Furthermore, the applicant requested and has been granted a waiver to reduce the requirement for units with communication features from 9 to 5 units (2%). The project is required to comply with all other accessibility requirements stipulated in the CBC and CTCAC Regulations.

Resyndication and Resyndication Transfer Event
Prior to closing, the applicant or its assignee shall obtain CTCAC's consent to assign and assume the existing Regulatory Agreement (CA-98-933). 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-98-933) 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 CTCAC staff’s review of the commitment in the application. The services documented in the placed in service package will be reviewed by CTCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a resyndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from the requirements under CTCAC Regulation Section 10320(b)(4)(B).

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).