

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 5, 2007

Project Number CA-2007-912

Project Name The Siena Apartments
Address: 2501 Hayden Parkway
Roseville, CA 95747

County: Placer

Applicant Information

Applicant: Siena Roseville L.P.
Contact: Mr. Steven Eggert
Address: 1801 I Street, Suite 200
Sacramento, CA 95811
Phone: (916) 444-9887
Sponsor Type: Joint Venture

Fax: (916) 444-9843

Bond Information

Issuer: CSCDA
Expected Date of Issuance: December 15, 2007
Credit Enhancement: Private Placement

Eligible Basis

Actual: \$24,942,437
Requested: \$24,942,437
Maximum Permitted: \$56,494,099

Extra Feature Adjustments: 55-Year Use/Rent Restriction Adjustment: 120%

Tax Credit Amounts

Requested: \$1,167,306
Recommended: \$1,167,306

State/Total

\$0
\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 156
Total # Residential Buildings: 13

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 154 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 78
Number of Units @ or below 60% of area median income: 76

<u>Unit Type & Number</u>	<u>2007 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
18 One-Bedroom	50%	\$630
18 One-Bedroom	60%	\$756
36 Two-Bedroom	50%	\$756
34 Two-Bedroom	60%	\$907
24 Three-Bedroom	50%	\$863
24 Three-Bedroom	60%	\$1,038
2 Two-Bedroom	Managers' Units	\$831

The general partners or principal owners are Pacific Housing, Inc. and Anton Siena, LLC.

The project developer is St. Anton Capital, LLC.

The management services will be provided by St. Anton Management, Inc.

The market analysis was provided by Vogt Williams & Bowen.

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Project Financing

Estimated Total Project Cost: \$26,615,244 Per Unit Cost: \$170,245 Construction Cost Per Sq. Ft.: \$95

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Union Bank of CA – Tax Ex. Bonds	\$13,450,000	Union Bank of CA – Tax Ex. Bonds	\$11,650,000
City of Roseville – HELP	\$1,500,000	City of Roseville – HELP	\$1,500,000
City of Roseville RDA	\$275,000	City of Roseville RDA	\$275,000
NOI During Construction/Lease-Up	\$555,170	NOI During Construction/Lease-Up	\$555,170
Investor Equity	\$8,429,685	Deferred Developer Fee Note	\$1,078,744
		Investor Equity	\$11,556,330
		TOTAL	\$26,615,244

Determination of Credit Amount(s)

Requested Eligible Basis:	\$24,942,437
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$32,425,168
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	\$1,167,306
Approved Developer Fee in Project Cost:	\$2,500,000
Approved Developer Fee in Eligible Basis:	\$2,500,000
Tax Credit Factor: Red Capital Group	\$0.9900

Applicant requests and staff recommends annual federal credits of \$1,167,306, based on a qualified basis of \$32,425,168 and a funding shortfall of \$11,556,330.

Cost Analysis and Line Item Review

The requested eligible basis \$24,942,437 is below TCAC's adjusted threshold basis limit \$56,494,099. The basis limit includes the 120% adjustment for the 55-year use/affordability restriction for projects that have more than 50% tax-credit units. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations.

Annual operating expenses 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 3.60% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

Special Issues/Other Significant Information: 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.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

The project will rent approximately 25 garages at market rate. These garage rentals are at tenant's option, with each unit having 1 parking space provided as part of the unit rental. These rental garages have been excluded from eligible basis.

Recommendation: Staff recommends that the Committee make a reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

\$1,167,306 Federal/Annual	\$0 State/Total
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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.

TCAC makes the 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 will be permitted without the express approval of TCAC.

The applicant must pay TCAC an allocation 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 anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

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 credits 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.

Additional Conditions: The applicant/owner is required to provide the tenants with after school programs of an on going nature and educational classes such as English as a second language and computer training, which are distinct from the after school programs, free of charge to the tenants and on-site or within ¼-mile of the project, for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC.

Project Analyst: Jack Waegell