

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2008 Second Round Cycle
October 8, 2008

Project Number CA-2008-150

Project Name Amorosa Village I
Site Address: 2740 Dutton Meadow
Santa Rosa, CA 95407 County: Sonoma
Census Tract: 1532

Applicant Information

Applicant: Burbank Housing Development Corporation
Contact: Carrie Horton
Address: 790 Sonoma Avenue
Santa Rosa, CA 95404
Phone: (707) 526-1020 x265 Fax: (707) 526-9811
Email: chorton@burbankhousing.org
General Partners(s) Type: Nonprofit

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: North & East Bay

Eligible Basis

Requested: \$19,623,234
Actual: \$26,567,791
Maximum Permitted: \$23,792,036

Adjustments to Threshold Basis Limit: None

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,000,000	\$0
Recommended:	\$2,000,000	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: None
Total # of Units: 97
Total # Residential Buildings: 13

Income/Rent Targeting

Federal Set-Aside Elected: 40%/60%
% & No. of Tax Credit Units: 100% - 96 units
Breakdown by %: 10% @ 30%, 10% @ 40%, 50% @ 50%

Selection Criteria	Max. Possible Points	Requested Points	Points Awarded
<i>Cost Efficiency/Credit Reduction/Public Funds</i> Maximum of 20 points	20	20	20
<input checked="" type="checkbox"/> Credit Reduction	20	2	2
<input checked="" type="checkbox"/> Public Funds	18	18	18
<i>Owner / Management Characteristics</i> Maximum of 9 points	9	9	9
<input checked="" type="checkbox"/> General Partner Experience	6	6	6
<input checked="" type="checkbox"/> Management Experience	3	3	3
<i>Housing Needs</i> Maximum of 10 points	10	10	10
<i>Site Amenities</i> Maximum of 15 points	15	15	15
<input checked="" type="checkbox"/> Within ¼ mile of transit stop with service every 30 minutes during rush hours	6	6	6
<input checked="" type="checkbox"/> Within ¼ mile of public park or community center open to general public	3	3	3
<input checked="" type="checkbox"/> Within ½ mile of a full-scale grocery store with staples, fresh meat and fresh produce	3	3	3
<input checked="" type="checkbox"/> Large Family project within ¼ mile of public school that project children may attend	3	3	3
<i>Service Amenities</i> Maximum of 10 points	10	10	10
<input checked="" type="checkbox"/> After school programs of an ongoing nature for school age children	5	5	5
<input checked="" type="checkbox"/> Bona fide service coordinator available	5	5	5
<i>Neighborhood Revitalization</i> Maximum of 9 points	9	9	9
<i>Sustainable Building Methods</i> Maximum of 8 points	8	8	8
<input checked="" type="checkbox"/> New construction/adaptive reuse increases energy efficiency 10% above Title 24	4	4	4
<input checked="" type="checkbox"/> Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
<input checked="" type="checkbox"/> Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
<i>Lowest Income</i> Maximum of 52 points	52	52	52
<input checked="" type="checkbox"/> Basic Targeting	50	50	50
<input checked="" type="checkbox"/> Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<i>Readiness to Proceed</i> Maximum of 20 points	20	20	20
<i>State credit substitution</i> Maximum of 2 points	2	2	2
Total Points	155	155	155

Tie-Breaker Information

Tie-Breaker Categories Apply to this Project: **Yes**

First: Housing Type **Large Family**

Second: Maximum Neighborhood Revitalization Points/Federal Designated Area **Yes**

Third: Calculated Ratio per Regulation 10325(c)(12) **73.772%**

<u>Unit Type & Number</u>	<u>2008 Rents for 2nd Round 2008</u> <u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
1 Studio Unit	30%	\$408
2 One-Bedroom Units	30%	\$437
3 Two-Bedroom Units	30%	\$525
4 Three-Bedroom Units	30%	\$606
5 Studio Units	40%	\$545
4 One-Bedroom Units	40%	\$583
1 Two-Bedroom Unit	40%	\$700
1 Studio Unit	50%	\$681
9 One-Bedroom Units	50%	\$729
17 Two-Bedroom Units	50%	\$875
21 Three-Bedroom Units	50%	\$1,011
4 One-Bedroom Units	60%	\$875
9 Two-Bedroom Units	60%	\$1,050
15 Three-Bedroom Units	60%	\$1,213
1 Three-Bedroom Unit	Manager's Unit	\$0

The general partner or principal owner is Burbank Housing Development Corporation.

The project developer is Burbank Housing Development Corporation.

The management agent is Burbank Housing Management Corporation.

The market analyst is Goldrush Realty Advisors.

The Local Reviewing Agency, the City of Santa Rosa, has completed a site review of this project and strongly supports this project.

Project Financing

Estimated Total Project Cost: \$31,954,499 Per Unit Cost: \$329,428 Construction Cost Per Sq. Foot: \$134

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo	\$18,804,200	Wells Fargo	\$4,468,800
City of Santa Rosa	\$1,940,000	City of Santa Rosa	\$1,940,000
City of Santa Rosa	\$258,000	City of Santa Rosa	\$258,000
City of Santa Rosa	\$7,312,600	City of Santa Rosa	\$7,312,600
Accrued/Deferred Interest	\$404,822	Accrued/Deferred Interest	\$404,822
Investor Equity	\$2,432,395	Investor Equity	\$17,570,277
		TOTAL	\$31,954,499

Determination of Credit Amount(s)

Requested Eligible Basis:	\$19,623,234
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis Credit Reduction (2%)	\$510,204
Qualified Basis:	\$25,000,000
Applicable Rate:	8.00%
Total Maximum Annual Federal Credit:	\$2,000,000
Total State Credit:	\$0
Approved Developer Fee:	\$1,400,000
Tax Credit Factor: <i>CA Housing Partnership Corp.</i>	\$0.87851

Applicant requests and staff recommends annual federal credits of \$2,000,000, based on a qualified basis of \$25,000,000 and a funding shortfall of \$17,570,277.

Cost Analysis and Line Item Review

The requested eligible basis \$19,623,234 is below TCAC's threshold basis limit \$23,792,036. 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 8.00% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information: None

Legal Status: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

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

Federal/Annual	State/Total
\$2,000,000	\$0

Standard Conditions

An application for a carryover allocation must be submitted by **October 31, 2008**, as required by regulation section 10328(d), together with the applicable allocation fee and all required documentation. The time for meeting the "10%" test and submitting related documentation will be no later than six (6) months after the date of the executed carryover allocation (as defined by IRC Section 42 and IRS Notices). The applicant must ensure the project meets all Additional Threshold Requirements for the housing type of the proposed project.

The applicant must submit all documentation required for a Final Reservation no later than February 1 of the year that the building(s) must be placed in service pursuant to Section 42(h)(1)(E)(i) of the Internal Revenue Code of 1986, as amended. The applicant shall provide the Committee a Final Reservation application providing the documentation for the project set forth in Section 10322(i)(1) of these regulations. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation fee calculated in accordance with regulation. The performance deposit must be paid by cashier's check within 20 calendar days of any preliminary reservation. The allocation fee must be paid within a time period specified in the preliminary reservation letter. The allocation fee will be due prior to execution of a carryover allocation or issuance of tax forms, whichever comes first. 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.

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.

If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants.

Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(8) at project completion.

Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2)(P) at project completion.

Additional Conditions

Applicants that received 20 points for readiness to proceed must meet ALL of the following requirements. The applicant must be ready to begin construction within 150 days of the Credit Reservation which is **March 9, 2009**, as evidenced by submission, within that time of, recorded deeds of trust for all construction financing, payment of all construction lender fees, issuance of building permits and notice to proceed delivered to the contractor. Failure to meet this timeline will result in rescission of the Credit Reservation.

Project Analyst: Anthony Zeto