CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 3, 2008

Project Number CA-2008-954

Project Name Senior Manor
Address: 1101 Union Avenue & 1050 Jefferson Street
Fairfield, CA 94533 County: Solano

Applicant Information
Applicant: Solano Affordable Housing Foundation
Contact Gail Zick-Clyde
Address: 2750 N. Texas Street, Suite 100-D
Fairfield, CA 94533
Phone: (707) 422-5919 Fax: (707) 422-0631
Email: sahf@sbcglobal.net
Sponsors Type: Nonprofit

Information
Housing Type: Senior

Bond Information
Issuer: California Municipal Finance Authority
Expected Date of Issuance: December 1, 2008
Credit Enhancement: N/A

Eligible Basis
Actual: $11,575,425
Requested: $11,575,425
Maximum Permitted: $38,626,176

Extra Feature Adjustments:
55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted Between 50% AMI & 36% AMI: 100%

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	$405,140	$0
Recommended:	$405,140	$0

Project Information
Construction Type: Rehabilitation and Acquisition
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 84
Total # Residential Buildings: 4

Income/Rent Targeting
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 83 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 83

Unit Type & Number		2008 Rents % of Area Median Income	Proposed Rent (including utilities)
14	One-Bedroom	42%	$599
2	Two-Bedroom	44%	$750
12	One-Bedroom	46%	$650
49	One-Bedroom	50%	$706
6	Two-Bedroom	50%	$848
1	One-Bedroom	Manager's Unit	$706

The general partner or principal owner is Solano Affordable Housing Foundation.

The project developer is Solano Affordable Housing Foundation.

The management services will be provided by John Stewart Company.

The market analysis was provided by Dennis Cunningham & Associates.

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

Project Financing

Estimated Total Project Cost: $12,318,978 Per Unit Cost: $146,655 Construction Cost Per Sq. Foot: $37

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo (Tax-Exempt Bonds)	$7,564,000	Fairfield Housing Authority	$3,289,000
Fairfield Housing Authority	$3,289,000	Fairfield Redevelopment Agency	$4,441,000
Costs deferred until Perm loan close	$553,368	Income from operations	$142,772
Income from operations	$142,772	Deferred Developer Fee	$669,838
Deferred Developer Fee	$669,838	Investor Equity	$3,776,368
Investor Equity	$100,000	**TOTAL**	**$12,318,978**

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	$2,678,450
Requested Acquisition Eligible Basis:	$8,896,975
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	$2,678,450
Qualified Acquisition Basis:	$8,896,975
Applicable Rate:	3.50%
Maximum Annual Federal Rehabilitation Credit:	$93,746
Maximum Annual Federal Acquisition Credit:	$311,394
Total Maximum Annual Federal Credit:	$405,140
Approved Developer Fee:	$1,509,838
Tax Credit Factor: *Merritt Capital*	$0.93211

Applicant requests and staff recommends annual federal credits of $405,140, based on a qualified rehabilitation basis of $2,678,450, a qualified acquisition basis of $8,896,975, and a funding shortfall of $3,776,368.

Cost Analysis and Line Item Review
The requested eligible basis $11,575,425 is below TCAC's adjusted threshold basis limit $38,626,176. The basis limit includes the adjustment for extraordinary features for 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted between 50% AMI & 36% AMI. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitation.

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 3.50% 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: Staff has inquired and received confirmation that the high credit pricing was due to the project being part of an existing pool and will be held by the investor.

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:

Federal/Annual	State/Total
$405,140	**$0**

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.

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.

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 high-speed internet service and contract for services 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: Anthony Zeto