CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
July 8, 2009

Project Number CA-2009-825

Project Name Ridgeway Apartments
Address: 141 Donahue Street
Marin City, CA 94965 County: Marin

Applicant Information
Applicant: Ridgeway Marin LP
Contact Robert Lawler
Address: 1801 I Street, Suite 200
Sacramento, CA 95811
Phone: (916) 446-7603 Fax: (916) 444-9843
Email: ral@antonllc.com
Sponsors Type: Joint Venture

Information
Housing Type: Family

Bond Information
Issuer: California Statewide Communities Development Authority
Date of Issuance: June 1, 2009
Credit Enhancement: N/A

Eligible Basis
Actual: $36,267,560
Requested: $36,267,560
Maximum Permitted: $84,168,778

Extra Feature Adjustments:
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted Between 50% AMI & 36% AMI: 15%
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 8%

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,332,970	$0
Recommended:	$1,332,970	$0

Project Information
Construction Type: Acquisition and Rehabilitation
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 225
Total # Residential Buildings: 12

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 223 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 35% of area median income: 11
Number of Units @ or below 50% of area median income: 34
Number of Units @ or below 60% of area median income: 178

2009 Rents

Unit Type & Number		% of Area Median Income	Proposed Rent (including utilities)
4	One-Bedroom	35%	$606
8	One-Bedroom	50%	$865
39	One-Bedroom	60%	$1,272
5	Two-Bedroom	50%	$978
99	Two-Bedroom	60%	$1,527
1	Two-Bedroom	35%	$685
2	Two-Bedroom	35%	$789
15	Two-Bedroom	50%	$1,057
4	Three-Bedroom	35%	$880
1	Three-Bedroom	50%	$1,092
5	Three-Bedroom	50%	$1,157
40	Three-Bedroom	60%	$1,764
1	Two-Bedroom	Manager’s Unit	$1,460
1	Three-Bedroom	Manager’s Unit	$1,683

The general partners or principal owners are Pacific Housing, Inc. & Anton Ridgeway.

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 Prior & Associates.

The Local Reviewing Agency, the Marin County Community Development Agency, has completed a site review of this project and strongly supports this project.

Project Financing

Estimated Total Project Cost: $40,232,950 Per Unit Cost: $178,813 Construction Cost Per Sq. Foot: $20

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
MMA Financial, Inc. – TE Bonds	$24,850,000	MMA Financial, Inc. – TE Bonds	$22,820,000
MMA Financial, Inc. – Taxable Bonds	$4,200,000	MMA Financial, Inc. – Taxable Bonds	$4,200,000
		NOI During Construction	$2,430,147
		Deferred Developer Fee	$918,822
		Investor Equity	$9,863,981
		TOTAL	**$40,232,950**

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	$6,057,694
Requested Acquisition Eligible Basis:	$30,209,866
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	$7,875,002
Qualified Acquisition Basis:	$30,209,866
Applicable Rate:	3.50%
Maximum Annual Federal Rehabilitation Credit:	$275,625
Maximum Annual Federal Acquisition Credit:	$1,057,345
Total Maximum Annual Federal Credit:	$1,332,970
Approved Developer Fee:	$2,500,000
Tax Credit Factor: *First Sterling, Inc.*	$0.74000

Applicant requests and staff recommends annual federal credits of $1,332,970, based on a qualified rehabilitation basis of $7,875,002, a qualified acquisition basis of $30,209,866, and a funding shortfall of $9,863,981.

Cost Analysis and Line Item Review

The requested eligible basis $36,267,560 is below TCAC's adjusted threshold basis limit $84,168,778. 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, and 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted at 35% AMI & below. 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: None

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
$1,332,970	**$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 (1) after school programs of an ongoing nature and (2) educational classes (not the same as after school programs) 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