

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2010 Second Round
September 22, 2010

Project Number CA-2010-202

Project Name Foothill Farms Senior Apartments
 Site Address: 5400 Auburn Boulevard
 Sacramento, CA 95841 County: Sacramento
 Census Tract: 75.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,498,359	\$0
Recommended:	\$1,498,359	\$0

Applicant Information

Applicant: BRIDGE Housing Corporation
 Contact: Kevin Griffith
 Address: 345 Spear Street, Suite 700
 San Francisco, CA 94105
 Phone: (415) 989-1111 Fax: (415) 495-4898
 Email: kgriffith@bridgehousing.com

General partner(s) or principal owner(s): BRIDGE Norcal, LLC
 General Partner Type: Nonprofit
 Developer: BRIDGE Housing Corporation
 Investor/Consultant: California Housing Partnership Corporation
 Management Agent: BRIDGE Property Management Coporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 4
 Total # of Units: 138
 No. & % of Tax Credit Units: 136 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HOME
 Affordability Breakdown by % (Lowest Income Points):
 30% AMI: 10 %
 40% AMI: 10 %
 45% AMI: 10 %
 50% AMI: 40 %

Information

Set-Aside: N/A
 Housing Type: Senior
 Geographic Area: Capital and Northern Region
 TCAC Project Analyst: Jack Waegell

Unit Mix

121 1-Bedroom Units
17 2-Bedroom Units
 138 Total Units

<u>Unit Type & Number</u>	<u>2010 Rents Targeted % of Area Median Income</u>	<u>2010 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
11 1 Bedroom	30%	30%	\$411
3 2 Bedrooms	30%	30%	\$493
11 1 Bedroom	40%	40%	\$548
3 2 Bedrooms	40%	40%	\$658
11 1 Bedroom	45%	45%	\$617
3 2 Bedrooms	45%	45%	\$740
88 1 Bedroom	50%	50%	\$685
6 2 Bedrooms	50%	50%	\$822
2 2 Bedrooms	Manager's Unit	Manager's Unit	\$734

Project Financing

Estimated Total Project Cost: \$25,120,065 Construction Cost Per Square Foot: \$101
 Per Unit Cost: \$182,029

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
US Bank	\$12,547,675	US Bank Perm Loan	\$3,423,000
SHRA - Land Loan	\$4,000,000	SHRA - Land Loan	\$4,000,000
County Fee Waiver	\$528,418	County Fee Waiver	\$528,418
SHRA - Tax Increment	\$2,556,000	SHRA - Tax Increment	\$2,840,000
SHRA - HOME	\$1,494,000	SHRA - HOME	\$1,660,000
Costs Deferred Until Perm Loan Close	\$914,821	SHRA - Accrued/Deferred Interest	\$316,777
SHRA - Accrued/Deferred Interest	\$316,777	Deferred Developer Fee	\$500,000
Deferred Developer Fee	\$500,000	Tax Credit Equity	\$11,851,870
Tax Credit Equity	\$2,262,374	TOTAL	\$25,120,065

Determination of Credit Amount(s)

Requested Eligible Basis:	\$12,806,485
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$16,648,431
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,498,359
Approved Developer Fee in Project Cost:	\$1,700,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.79099

Per Regulation Section 10322(i)(4)(A), The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$12,806,485
Actual Eligible Basis:	\$18,570,658
Unadjusted Threshold Basis Limit:	\$21,772,502
Total Adjusted Threshold Basis Limit:	\$21,772,502

Adjustments to Basis Limit: None.

Tie-Breaker Information

First:	Seniors
Second:	84.768%

Cost Analysis and Line Item Review

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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. 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.

Local Reviewing Agency:

The Local Reviewing Agency, the Sacramento Housing and Redevelopment Agency, has completed a site review of this project and strongly supports this project.

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 Tax Credits/Annual	State Tax Credits/Total
\$1,498,359	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day Requirements elected, and a Final Reservation. 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. 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. 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)(6) 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) at project completion.

Additional Conditions: None.

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	2	2	2
Within ¼ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ¼ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Health/wellness or skill-building classes, minimum instruction of 60 hrs/yr	5	5	5
Sustainable Building Methods	8	8	8
LEED/Green Communities/GreenPoint Rated Multifamily Guidelines	8	8	8
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
State Credit Substitution	2	2	2
Total Points	146	146	146

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.