CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
July 20, 2011

Project Number	CA-2011-863

Project Name Santa Fe Commons

Site Addresses:	1065 Beacon Street, 438 E. Santa Fe Avenue, & 441-443, 446-448, 452-454, and 458 E. 9th Street	
	Pittsburg, CA 94565	County: Contra Costa
Census Tract:	3100.000	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$349,332	$0
Recommended:	$349,332	$0

Applicant Information

Applicant:	9th Street Associates, L.P.		
Contact:	Meea Kang		
Address:	9 Cushing, Suite 200 Irvine, CA 92618		
Phone:	(415) 856-0010	Fax:	(415) 856-0624
Email:	meea@domusd.com		

General partner(s) or principal owner(s):	Domus GP LLC AHCDC Pittsburg 3, LLC
General Partner Type:	Joint Venture
Developer:	Domus Development, LLC
Investor/Consultant:	Alliant Capital, LTD
Management Agent:	Domus Management Company

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	8
Total # of Units:	30
No. & % of Tax Credit Units:	29 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / NSP
HCD MHP Funding:	No
55-Year Use/Affordability:	Yes
Number of Units @ or below 50% of area median income:	14
Number of Units @ or below 60% of area median income:	15

Bond Information

Issuer:	California Municipal Finance Authority
Expected Date of Issuance:	September 1, 2011
Credit Enhancement:	N/A

Information

Housing Type:	Non-targeted
Geographic Area:	North & East Bay Region
TCAC Project Analyst:	Jack Waegell

Unit Mix

6	1-Bedroom Units
16	2-Bedroom Units
6	3-Bedroom Units
2	4-Bedroom Units
30	Total Units

Unit Type & Number		2010 Rents Targeted % of Area Median Income	2010 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
438 E. Santa Fe Avenue Site - Santa Fe Place				
6	1 Bedroom	50%	49%	$828
1065 Beacon Street Site - La Almenara				
3	2 Bedrooms	50%	50%	$1,016
12	2 Bedrooms	60%	53%	$1,072
1	3 Bedrooms	50%	50%	$1,174
3	3 Bedrooms	60%	60%	$1,409
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0
East 9th Street Site - Single Family Homes				
2	3 Bedrooms	50%	50%	$1,174
2	4 Bedrooms	50%	50%	$1,310

Project Financing

Estimated Total Project Cost:	$8,653,858
Estimated Residential Project Cost:	$8,653,858

Residential	
Construction Cost Per Square Foot:	$171
Per Unit Cost:	$288,462

Construction Financing

Source	Amount
US Bank	$4,500,000
HCD - NSP 1 Tier 3	$1,400,000
City of Pittsburg - NSP 1	$1,588,337
Deferred Developer Fee	$718,252
Tax Credit Equity	$447,269

Permanent Financing

Source	Amount
US Bank	$1,450,000
HCD - NSP 1 Tier 3	$2,095,822
City of Pittsburg - NSP 1	$1,588,337
Deferred Developer Fee	$311,238
Tax Credit Equity	$3,208,461
TOTAL	**$8,653,858**

Determination of Credit Amount(s)

Requested Eligible Basis:	$8,081,011
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$10,505,314
Applicable Rate:	3.40%
Total Maximum Annual Federal Credit:	$349,332
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,054,045
Investor/Consultant:	Alliant Capital, LTD
Federal Tax Credit Factor:	$0.91846

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:	$8,081,011
Actual Eligible Basis:	$8,081,011
Unadjusted Threshold Basis Limit:	$9,350,980
Total Adjusted Threshold Basis Limit:	$15,709,646

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 48%

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 3.40% 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: This project consists of 3 scattered site locations. Each site will have a different building type. 1065 Beacon Street will consist of twenty flat-style units with 16 two-bedroom units and 4 three-bedroom units in three buildings. 438 E. Santa Fe Avenue will consist of six 1-bedroom flat-style units in a single 2-story building. The 2 parcels at 441-443 & 452-454 E. 9th Street will each be improved with a detached single-story 3-bedroom home. The two parcels at 446-448 & 458 E. 9th Street will each be improved with a detached single-story 4-bedroom home.

The 3 sites have different utility allowances based on the following distinctions: 1) 438 E. Santa Fe Avenue - the tenants are responsible for paying the electricity and the gas for cooking and space heating. The owner pays for water, hot water, sewer, and trash collection; 2) 1065 Beacon Street - the tenants are responsible for paying the electricity and the gas for cooking, space heating, and water heating. Each unit is individually metered so the tenants are also responsible for paying for the water and sewer service. The owner pays the trash collection; 3) East 9th Street Homes - the tenants are responsible for all utilities consisting of electricity, water, sewer, trash collection, and the gas for cooking, water heating, and space heating.

Local Reviewing Agency:
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.

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
$349,332	**$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 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 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 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.

Additional Conditions: The applicant/owner is required to complete the following Sustainable Building Methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the placed-in-service application is submitted: 1) water-saving fixtures or flow restrictors in the kitchen (2 gpm or less) and bathrooms (1.5 gpm or less); 2) CRI Green-label, low-VOC carpeting and pad and low-VOC adhesives (25 grams per liter or less); and 3) bathroom fans in all bathrooms that exhaust to the outdoors and are equipped with a humidistat sensor or timer.