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

Project Number	CA-2011-868			
Project Name	Mountain View Downtown Family Development			
Site Address:	135 Franklin Street			
	Mountain View, CA	94041	County:	Santa Clara
Census Tract:	5096.00/1			

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$654,616	$0
Recommended:	$654,616	$0

Applicant Information

Applicant:	Franklin Street Family Apartments, L.P.		
Contact:	Jonathan Emami		
Address:	1650 Lafayette Street		
	Santa Clara	CA	95050
Phone:	408-984-5600	Fax:	408-984-3111
Email:	jemami@roemcorp.com		

General partner(s) or principal owner(s):	Pacific Housing, Inc.
	ROEM Apartment Communities, LLC (RAC)
General Partner Type:	Joint Venture
Developer:	RAC/ROEM Development Corp.
Investor/Consultant:	Alliant Capital, Ltd.
Management Agent:	FPI Management Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 51
No. & % of Tax Credit Units: 50 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / CDBG
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 35% of area median income: 15
Number of Units @ or below 50% of area median income: 35

Bond Information

Issuer:	CSCDA
Expected Date of Issuance:	10/04/11
Credit Enhancement:	None

Information

Housing Type:	Large Family
Geographic Area:	South and West Bay Region
TCAC Project Analyst:	Benjamin Schwartz

Unit Mix

4	1-Bedroom Units
32	2-Bedroom Units
15	3-Bedroom Units
51	Total Units

Unit Type & Number		2010 Rents Targeted % of Area Median Income	2010 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
1	1 Bedroom	50%	50%	$970
1	1 Bedroom	40%	40%	$776
2	1 Bedroom	30%	30%	$582
12	2 Bedrooms	50%	50%	$1,165
12	2 Bedrooms	40%	40%	$932
7	2 Bedrooms	30%	30%	$699
5	3 Bedrooms	50%	50%	$1,345
4	3 Bedrooms	40%	40%	$1,076
6	3 Bedrooms	30%	30%	$807
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$1,100

Project Financing

Estimated Total Project Cost:	$23,664,055
Estimated Residential Project Cost:	$23,664,055

Residential

Construction Cost Per Square Foot:	$151
Per Unit Cost:	$464,001

Construction Financing

Source	Amount
Citibank, N.A. (Construction Loan)	$12,750,000
City of Mountain View Loan	$7,250,000
Lease-up Income	$70,283
Deferred Developer Fee	$2,350,000
Tax Credit Equity	$1,243,772

Permanent Financing

Source	Amount
Citibank, N.A. (Permanent Loan)	$3,539,536
City of Mountain View Loan	$12,547,000
Housing Trust Perm Loan	$350,000
Lease-up Income	$163,936
Deferred Developer Fee	$844,731
Tax Credit Equity	$6,218,852
TOTAL	**$23,664,055**

Determination of Credit Amount(s)

Requested Eligible Basis:	$19,255,347
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	$19,255,347
Applicable Rate:	3.40%
Total Maximum Annual Federal Credit:	$654,616
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,500,000
Investor/Consultant:	Alliant Capital, Ltd.
Federal Tax Credit Factor:	$0.95000

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:	$19,255,347
Actual Eligible Basis:	$19,255,347
Unadjusted Threshold Basis Limit:	$13,999,708
Total Adjusted Threshold Basis Limit:	$35,837,304

Adjustments to Basis Limit:

Parking Beneath Residential Units
Local Development Impact Fees
95% of Upper Floor Units are Elevator-Serviced
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 70%
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 60%

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 meet 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.

Local Reviewing Agency:
The Local Reviewing Agency, City of Mountain View, 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
$654,616	**$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 provide the tenants with after school programs and educational classes free of charge 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.

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: LEED; flow restrictors; high efficiency toilet; and no VOC interior paint.