CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
February 1, 2012

Project Number	CA-2012-809		
Project Name	2525 El Camino Senior Apartments		
Site Address:	2525 El Camino Real		
	Santa Clara, CA 95050	County: Santa Clara	
Census Tract:	5053.020		

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$437,473	$0
Recommended:	$437,473	$0

Applicant Information

Applicant:	ROEM Development Corporation		
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):	ROEM Development Corporation
	Pacific Housing, Inc.
General Partner Type:	Joint Venture
Developer:	ROEM Development Corporation
Investor/Consultant:	Alliant Capital, LTD
Management Agent:	FPI Management, Inc.

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	1	
Total # of Units:	48	
No. & % of Tax Credit Units:	47	100%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt	
HCD MHP Funding:	No	
55-Year Use/Affordability:	Yes	

Number of Units @ or below 50% of area median income: 5
Number of Units @ or below 60% of area median income: 42

Bond Information

Issuer:	CSCDA
Expected Date of Issuance:	March 1, 2012
Credit Enhancement:	None

Information

Housing Type:	Seniors
Geographic Area:	South & West Bay Region
TCAC Project Analyst:	Nicola Hil

Unit Mix

48	1-Bedroom Units
48	Total Units

Unit Type & Number		2011 Rents Targeted % of Area Median Income	2011 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
9	1 Bedroom	60%	55%	$1,069
19	1 Bedroom	60%	50%	$971
14	1 Bedroom	60%	45%	$874
5	1 Bedroom	50%	45%	$874
1	1 Bedroom	Manager's Unit	Manager's Unit	$1,100

Project Financing

Estimated Total Project Cost:	$14,786,660	Construction Cost Per Square Foot:	$138
		Per Unit Cost:	$308,055

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank, N.A. (Construction Loan)	$7,500,000	Citibank, N.A. (Permanent Loan)	$3,263,019
City of Santa Clara Loan	$5,093,855	City of Santa Clara Loan	$7,000,000
Deferred Reserve Funding	$223,500	Lease-up Income	$80,118
Deferred Developer Fee	$722,389	Deferred Developer Fee	$287,137
Tax Credit Equity	$1,246,916	Tax Credit Equity	$4,156,386
		TOTAL	**$14,786,660**

Determination of Credit Amount(s)

Requested Eligible Basis:	$10,518,231
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$13,673,701
Applicable Rate:	3.20%
Maximum Annual Federal Credit:	$437,473
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,371,943
Investor/Consultant:	Alliant Capital, LTD
Federal Tax Credit Factor:	$0.95009

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:	$10,518,231
Actual Eligible Basis:	$10,518,231
Unadjusted Threshold Basis Limit:	$10,218,576
Total Adjusted Threshold Basis Limit:	$12,538,276

Adjustments to Basis Limit:
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: 10%

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 3.20% 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: None

Local Reviewing Agency:
The Local Reviewing Agency, City of Santa Clara and City of Santa Clara Housing Authority, 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
$437,473	**$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 the following Service Amenities 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:

- Educational classes
- Bona fide service coordinator

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:

- The project commits to becoming certified under any one of the following programs: Leadership in Energy & Environmental Design (LEED); Green Communities; or the GreenPoint Rated Multifamily Guidelines
- The Project is a New Construction or Adaptive Reuse Project that exceeds Title 24 Energy Standards by at least 10%, or a Rehabilitation Project not subject to Title 24, that reduces energy use on a per square foot basis by 25% as calculated using a methodology approved by the California Energy Commission
- The Project will incorporate the following energy efficient items:
  * Water-saving fixtures or flow restrictors in the kitchen (2 gpm or less) and bathrooms (1.5 gpm or less)
  * At least one High Efficiency Toilet (1.3 gallons per flush) or dual flush toilets per unit
  * Interior paint with no volatile organic compounds, (5 grams per liter or less)