

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 18, 2007

Project Number CA-2007-819

Project Name Colgan Meadows
Address: 3000 Dutton Meadows Avenue
Santa Rosa, CA 95407 County: Sonoma

Applicant Information

Applicant: Burbank Housing Development Corporation
Contact: Jeanne Blake
Address: 790 Sonoma Avenue
Santa Rosa, CA 95404
Phone: (707) 562-1020 Fax: (707) 526-9811
Sponsors Type: Nonprofit

Bond Information

Issuer: City of Santa Rosa
Expected Date of Issuance: June 15, 2007
Credit Enhancement: N/A

Eligible Basis

Actual: \$22,449,248
Requested: \$22,449,248
Maximum Permitted: \$25,171,668

Extra Feature Adjustments:

Required to Pay Prevailing Wages: 20%

55-Year Use/Rent Restriction Adjustment: 80%

Seismic Upgrading of Existing Structures and/or Toxic or Other Environmental Mitigation: Up to 15%

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,050,625	\$0
Recommended:	\$1,050,625	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: Yes
Total # of Units: 84
Total # Residential Buildings: 25

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 83 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 74
Number of Units @ or below 60% of area median income: 9

<u>Unit Type & Number</u>	<u>2007 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 Studio	30%	\$394
16 One-Bedroom	30%	\$422
5 One-Bedroom	40%	\$563
1 One-Bedroom	50%	\$704
9 Two-Bedroom	30%	\$507
5 Two-Bedroom	40%	\$563
8 Two-Bedroom	50%	\$845
3 Two-Bedroom	60%	\$1,014
3 Three-Bedroom	30%	\$586
11 Three-Bedroom	40%	\$781
11 Three-Bedroom	50%	\$976
6 Three-Bedroom	60%	\$1,171
1 Four-Bedroom	40%	\$870
2 Four-Bedroom	50%	\$1,088
1 Three-Bedroom	Manager's Unit	\$1,171

The general partner or principal owner is Burbank Housing Development Corporation.

The project developer is Burbank Housing Development Corporation.

The management services will be provided by Burbank Housing Management Corporation.

The market analysis was provided by Goldrush Realty.

The Local Reviewing Agency, the Housing Authority of the City of Santa Rosa, has completed a site review of this project and strongly supports this project.

Project Financing

Estimated Total Project Cost: \$26,257,948 Per Unit Cost: \$312,595 Construction Cost Per Sq. Foot: \$164

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
US Bank	\$17,191,696	US Bank	\$1,387,300
City of Santa Rosa	\$4,894,411	City of Santa Rosa	\$4,894,411
Joe Serna - FWHG	\$1,120,000	Joe Serna - FWHG	\$1,120,000
Deferred Costs	\$1,630,840	AHP	\$373,500
Deferred Developer Fee	\$1,411,000	HCD - MHP	\$6,233,244
Investor Equity	\$10,000	Deferred Developer Fee	\$1,411,000
		Investor Equity	\$10,838,493
		TOTAL	\$26,257,948

Determination of Credit Amount(s)

Requested Eligible Basis:	\$22,449,248
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$29,184,022
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	\$1,050,625
Approved Developer Fee:	\$2,500,000
Tax Credit Factor:	\$1.0316

Applicant requests and staff recommend annual federal credits of \$1,050,625 based on a qualified basis of \$29,184,022 and a funding shortfall of \$10,838,493.

Cost Analysis and Line Item Review

The requested eligible basis \$22,449,248 is below TCAC's adjusted threshold basis limit \$25,171,668. The basis limit includes the adjustment for extraordinary features for the 80% adjustment for the 55-year use/affordability restriction for projects that have less than 50% tax-credit units, projects that are required to pay state or federal prevailing wages, projects requiring seismic upgrading of existing structures, and/or requiring toxic or other environmental mitigation as certified by the project architect. 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 3.60% 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: 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.

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
\$1,050,625	\$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.

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 after school programs of an ongoing nature and educational classes 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: Elaine Johnson