

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**July 8, 2009**

**Project Number** CA-2009-822

**Project Name** Valley Vista Senior Housing  
**Address:** 20503 & 20709 San Ramon Valley Boulevard  
San Ramon, CA 94583 County: Contra Costa

**Applicant Information**

**Applicant:** Valley Vista Senior Housing, L.P.  
**Contact** Ancel Romero  
**Address:** 6120 Stoneridge Mall Road, 3<sup>rd</sup> Floor  
Pleasanton, CA 94588  
**Phone:** (925) 924-7197 **Fax:** (925) 924-7233  
**Email:** [aromero@abhow.com](mailto:aromero@abhow.com)  
**Sponsors Type:** Nonprofit

**Information**

**Housing Type:** Senior

**Bond Information**

**Issuer:** Contra Costa County  
**Expected Date of Issuance:** August 1, 2009  
**Credit Enhancement:** N/A

**Eligible Basis**

**Actual:** \$26,941,216  
**Requested:** \$26,941,216  
**Maximum Permitted:** \$62,235,178

**Extra Feature Adjustments:**

Required to Pay Prevailing Wages: 20%  
3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features: 4%  
95% of Upper Floor Units are Elevator-Serviced: 10%  
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted Between 50% AMI & 36% AMI: 100%

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,190,802	\$0
Recommended:	\$1,190,802	\$0

**Project Information**

**Construction Type:** New Construction  
**Federal Subsidy:** Tax-Exempt/HUD 202 PRAC  
**HCD MHP Funding:** No  
**Total # of Units:** 105  
**Total # Residential Buildings:** 2

**Income/Rent Targeting**

Federal Setaside Elected: 40%/60%  
 % & No. of Targeted Units: 100% - 104 units  
 55-Year Use/Affordability Restriction: Yes  
 Number of Units @ or below 50% of area median income: 104

<u>Unit Type &amp; Number</u>	<u>2009 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
89 One-Bedroom	20%	\$309
1 One-Bedroom	30%	\$484
6 Two-Bedroom	30%	\$565
8 Two-Bedroom	50%	\$942
1 Two-Bedroom	Manager's Unit	\$0

The general partner or principal owner is Carmel Senior Housing, Inc.

The project developers are Satellite Housing & American Baptist Homes of the West.

The management services will be provided by American Baptist Homes of the West.

The market analysis was provided by Novogradac and Company LLP.

The Local Reviewing Agency, San Ramon Redevelopment Agency, has completed a site review of this project and strongly supports this project.

**Project Financing**

Estimated Total Project Cost: \$33,742,488 Per Unit Cost: \$321,357 Construction Cost Per Sq. Foot: \$190

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Wells Fargo – Tax Exempt Bonds	\$18,915,708	HUD Section 202	\$12,282,400
City of San Ramon RDA	\$5,500,000	City of San Ramon RDA	\$5,500,000
City of San Ramon RDA	\$262,251	City of San Ramon RDA	\$262,251
Contra Costa County	\$2,000,000	Contra Costa County	\$2,000,000
Contra Costa County	\$500,000	Contra Costa County	\$500,000
AHP	\$945,000	AHP	\$945,000
Deferred Interest on soft loans	\$113,248	Deferred Interest on soft loans	\$113,248
HCD - Infill Infrastructure Grant	\$1,310,000	HCD - Infill Infrastructure Grant	\$1,310,000
GP Equity	\$100	GP Equity	\$1,100,990
Investor Equity	\$1,782,738	Investor Equity	\$9,728,599
		<b>TOTAL</b>	<b>\$33,742,488</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis: \$26,941,216

130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$35,023,581
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$1,190,802
Approved Developer Fee:	\$2,500,000
Tax Credit Factor: <i>Community Economics</i>	\$0.81698

Applicant requests and staff recommends annual federal credits of \$1,190,802 based on a qualified basis of \$35,023,581 and a funding shortfall of \$9,728,599.

### Cost Analysis and Line Item Review

The requested eligible basis \$26,941,216 is below TCAC's adjusted threshold basis limit \$62,235,178. The basis limit includes the adjustment for extraordinary features for projects that are required to pay state or federal prevailing wages, projects that include 95% of upper floor units are elevator-serviced, 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted between 50% AMI & 36% AMI, the adjustment for projects with 3 or more energy efficiency/resource conservation/indoor air quality items, where at least 75% of the construction and demolition waste (measured by either weight or volume) will be recycled, using CRI Green Label Plus Carpet or no carpet in all bedrooms, and using vent kitchen range hoods to the exterior of the building in at least 80% of the units. 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 3.50% 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:** None

**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
<b>\$1,190,802</b>	<b>\$0</b>

### 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 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 (1) educational classes on-site and (2) contract for services on-site 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: Anthony Zeto