

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2013 Second Round
September 25, 2013

Project Number CA-13-188

Project Name Forest Winds Apartments Rehab
 Site Address: 6697 Old Redwood Highway
 Windsor, CA 95492 County: Sonoma
 Census Tract: 1538.080

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$301,401	\$1,004,670
Recommended:	\$301,401	\$1,004,670

Applicant Information

Applicant: Burbank Housing Development Corporation
 Contact: Pascal Sisich
 Address: 790 Sonoma Ave.
 Santa Rosa, CA 95404
 Phone: 707-303-1003 Fax: 707-526-9811
 Email: psisich@burbankhousing.org

General Partner(s) or Principal Owner(s): Burbank Housing Development Corporation
 General Partner Type: Nonprofit
 Parent Company(ies): Burbank Housing Development Corporation
 Developer: Burbank Housing Development Corporation
 Investor/Consultant: California Housing Partnership Corporation
 Management Agent(s): Burbank Housing Management Corporation

Project Information

Construction Type: Rehabilitation-Only
 Total # Residential Buildings: 8
 Total # of Units: 48
 No. & % of Tax Credit Units: 47 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: CDBG
 Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	5	10 %
35% AMI:	13	25 %
50% AMI:	29	40 %

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: North and East Bay Region
 TCAC Project Analyst: Connie Harina

Unit Mix

23 2-Bedroom Units
 25 3-Bedroom Units

 48 Total Units

<u>Unit Type & Number</u>	<u>2013 Rents Targeted % of Area Median Income</u>	<u>2013 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 2 Bedrooms	30%	30%	\$530
3 3 Bedrooms	30%	30%	\$612
6 2 Bedrooms	35%	35%	\$618
7 3 Bedrooms	35%	35%	\$714
15 2 Bedrooms	50%	50%	\$883
14 3 Bedrooms	50%	50%	\$1,020
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$8,762,621
 Estimated Residential Project Cost: \$8,762,621

Residential

Construction Cost Per Square Foot: \$48
 Per Unit Cost: \$182,555

Construction Financing

<u>Source</u>	<u>Amount</u>
Wells Fargo Bank	\$3,790,569
HCD RHCP - Assumed Principal	\$1,875,000
HCD RHCP - Assumed Interest	\$1,148,211
Town of Windsor - Assumed Principal	\$340,000
Town of Windsor - Assumed Interest	\$221,707
SCCD CDBG - Assumed Principal	\$140,000
SCCD CDBG - Assumed Interest	\$80,353
General Partner Loan - Existing Reserves	\$234,986
Costs Deferred until Permanent Conversion	\$426,091
Tax Credit Equity	\$505,704

Permanent Financing

<u>Source</u>	<u>Amount</u>
Wells Fargo Bank/CCRC	\$1,000,000
HCD RHCP - Assumed Principal	\$1,875,000
HCD RHCP - Assumed Interest	\$1,148,211
Town of Windsor - Assumed Principal	\$340,000
Town of Windsor - Assumed Interest	\$221,707
SCCD CDBG - Assumed Principal	\$140,000
SCCD CDBG - Assumed Interest	\$80,353
General Partner Loan - Existing Reserves	\$234,986
Tax Credit Equity	\$3,722,364
TOTAL	\$8,762,621

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$3,348,900
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$3,348,900
Applicable Rate:	9.00%
Maximum Annual Federal Credit, Rehabilitation:	\$301,401
Total State Credit:	\$1,004,670
Approved Developer Fee (in Project Cost & Eligible Basis):	\$507,228
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$1.02377
State Tax Credit Factor:	\$0.63376

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:	\$3,348,900
Actual Eligible Basis:	\$3,888,750
Unadjusted Threshold Basis Limit:	\$14,256,000
Total Adjusted Threshold Basis Limit:	\$14,256,000

Adjustments to Basis Limit: None

Tie-Breaker Information

First:	Large Family
Second:	47.470%

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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.20%. 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 is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Forest Winds Apartments (CA-92-035).

Legal Status: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency:

The Local Reviewing Agency, the Town of Windsor, 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
\$301,401	\$1,004,670

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness to Proceed Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 a performance deposit and 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Additional Conditions: None

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of regular bus stop	4	4	4
Within ¼ mile of public park or community center open to general public	3	3	3
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 1,000 bedrooms	3	3	3
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Sustainable Building Methods	10	10	10
REHABILITATION			
Rehabilitate to improve energy efficiency (change in HERS II rating): 30%	10	10	10
Lowest Income	52	57	52
Basic Targeting	50	55	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	148	148	148

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.