

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
August 6, 2024**

Casa Roseland, located at 665 and 883 Sebastopol Road in Santa Rosa on a 1.53 acre site, requested and is being recommended for a reservation of \$3,285,961 in annual federal tax credits and \$35,548,000 of tax-exempt bond cap to finance the new construction of 75 units of housing, consisting of 74 restricted rental units, and 1 unrestricted manager's unit. The project will have 24 one-bedroom units, 31 two-bedroom units, and 20 three-bedroom units, serving families with rents affordable to households earning 30%-60% of area median income (AMI). This new construction project is a part of a large master development. It will consist of one 5-story elevator serviced building. It will be a Type V-A over Type 1-A building type on mat slab foundation with cement plaster exterior and a total residential area of 56,060 square feet. Common amenities include a large community room, management office(s), laundry facilities, learning center, bike storage, landscaped barbecue area and a play area. There will be 108 off-street parking spaces, 33 of which are located within the covered podium parking garage. Each unit will have central heating/cooling, a range/oven, window blinds and a refrigerator. The construction is expected to begin in February 2025 and be completed in August 2026. The project will be developed by MidPen Housing Corporation and will be located in Senate District 2 and Assembly District 12.

The project financing includes state funding from the Infill Infrastructure Grant (IIG) and Affordable Housing and Sustainable Communities (AHSC) programs of HCD.

Project Number CA-24-474

Project Name Casa Roseland
Site Address: 665 and 883 Sebastopol Road
Santa Rosa, CA 95407
County: Sonoma
Census Tract: 1531.04

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,285,961	\$0
Recommended:	\$3,285,961	\$0

Tax-Exempt Bond Allocation
Recommended: \$35,548,000

CTCAC Applicant Information
CTCAC Applicant / CDLAC Sponsor: MidPen Housing Corporation
Contact: Joanna Carman
Address: 303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Phone: 831-707-2141
Email: joanna.carman@midpen-housing.org

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Municipal Finance Authority
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: U.S. Bank National Association

Development Team

General Partner(s) or Principal Owner(s): MP Roseland Village LLC
 Mid-Pen Housing Corporation
 General Partner Type: Nonprofit
 Parent Company(ies): Mid-Peninsula Hermanas, Inc.
 MidPen Housing Corporation
 Developer: MidPen Housing Corporation
 Investor/Consultant: California Housing Partnership
 Management Agent: MidPen Property Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 75
 No. / % of Low Income Units: 74 100.00%
 Average Targeted Affordability: 50.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: Northern Region
 Set Aside: Extremely Low/Very Low Income Set Aside
 CDLAC Project Analyst: Sarah Lester
 CTCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	24	32%
50% AMI:	2	3%
60% AMI:	48	65%

Unit Mix

24	1-Bedroom Units
31	2-Bedroom Units
20	3-Bedroom Units
75	Total Units

Unit Type & Number	2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
8 1 Bedroom	30%	\$708
9 2 Bedrooms	30%	\$849
7 3 Bedrooms	30%	\$981
1 1 Bedroom	50%	\$1,180
1 2 Bedrooms	50%	\$1,416
15 1 Bedroom	60%	\$1,416
20 2 Bedrooms	60%	\$1,699
13 3 Bedrooms	60%	\$1,962
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$962,500
Construction Costs	\$45,757,609
Construction Hard Cost Contingency	\$2,287,880
Soft Cost Contingency	\$481,627
Architectural/Engineering	\$2,464,405
Const. Interest, Perm. Financing	\$5,210,452
Legal Fees	\$125,000
Reserves	\$267,300
Other Costs	\$1,778,166
Developer Fee	\$8,242,378
Total	\$67,577,317

Residential

Construction Cost Per Square Foot:	\$585
Per Unit Cost:	\$901,031
Estimated Hard Per Unit Cost:	\$551,559
True Cash Per Unit Cost*:	\$803,118
Bond Allocation Per Unit:	\$473,973
Bond Allocation Per Restricted Rental Unit:	\$480,378

Construction Financing

Source	Amount
US Bank: Tax-Exempt	\$35,548,000
US Bank: Taxable	\$7,573,265
RED Housing Loan Fund	\$4,200,000
Sonoma County: IIG	\$1,784,628
Sonoma County: Land	\$960,000
Sonoma County: CDC ¹	\$3,750,000
Sonoma County: CFH ²	\$2,079,447
Accrued Interest	\$1,342,115
Deferred Developer Fee	\$7,343,476
Tax Credit Equity	\$2,996,386

Permanent Financing

Source	Amount
RED Housing Loan Fund	\$4,200,000
HCD: AHSC	\$15,685,007
Sonoma County: IIG	\$1,784,628
Sonoma County: Land	\$960,000
Sonoma County: CDC ¹	\$3,750,000
Sonoma County: CFH ²	\$2,079,447
Accrued Interest	\$230,053
Deferred Developer Fee	\$7,343,476
Tax Credit Equity	\$31,544,706
TOTAL	\$67,577,317

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

¹Sonoma County: Community Development Commission

²Sonoma County: Fund for Housing

Determination of Credit Amount(s)

Requested Eligible Basis:	\$63,191,565
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$82,149,035
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,285,961
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,242,378
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.95456

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

CTCAC Significant Information / Additional Conditions

The current legal description is part of a larger site and the project site’s parcel (legal description and APN) have not yet been finalized. The legal description and APN for CA-24-474 must be completed as part of the placed in service package. The subject parcel will be partitioned into four separate lots, one of which will include the planned development.

Staff noted a per unit development cost of \$803,118. The applicant noted that the per unit cost is attributed to prevailing wages, a parking structure, development impact fees, land and holding costs, construction costs, and the site requiring remedial environmental work due to presence of soil gas vapor and PCE in the groundwater.

CDLAC Analyst Comments

None

Resyndication and Resyndication Transfer Event: None.

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.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

CTCAC 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 CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC 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 CTCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).

Point Criteria	New Const. Max. Points	Rehabilitation Max. Points	Points Scored
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	9
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	119

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

Tie Breaker: 84.747%