

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
December 11, 2024**

Dry Creek Commons, located at 155 Dry Creek Road in Healdsburg on a 3.53 acre site, requested and is being recommended for a reservation of \$2,375,592 in annual federal tax credits and \$26,627,000 of tax-exempt bond cap to finance the new construction of 58 units of housing, consisting of 57 restricted rental units and 1 unrestricted manager's unit. The project will have 28 one-bedroom units, 15 two-bedroom units, and 15 three-bedroom units, serving families with rents affordable to households earning 30%-60% of area median income (AMI). The construction is expected to begin in June 2025 and be completed in September 2026. The project will be developed by Burbank Housing Development Corporation and will be located in Senate District 2 and Assembly District 2.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the Joe Serna, Jr. Farmworker Housing Grant program of HCD.

Project Number CA-24-623

Project Name Dry Creek Commons
Site Address: 155 Dry Creek Road
Healdsburg, CA 95448
County: Sonoma
Census Tract: 1539.05

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,375,592	\$0
Recommended:	\$2,375,592	\$0

Tax-Exempt Bond Allocation
Recommended: \$26,627,000

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Burbank Housing Development Corporation
Contact: Jocelyn Lin
Address: 1425 Corporate Center Parkway
Santa Rosa, CA 95407
Phone: 707-303-0590
Email: jlin@burbankhousing.org

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Municipal Finance Authority
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Silicon Valley Bank, a division of First-Citizens Bank & Trust C

Development Team
General Partner(s) or Principal Owner(s): BHDC Dry Creek Commons, LLC
General Partner Type: Nonprofit
Parent Company(ies): Burbank Housing Development Corporation
Developer: Burbank Housing Development Corporation
Investor/Consultant: California Housing Partnership
Management Agent: Burbank Housing Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 2
 Total # of Units: 58
 No. / % of Low Income Units: 57 100.00%
 Average Targeted Affordability: 46.66%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HOME / HUD Section 8 Project-based Vouchers
 (14 Units - 25%) / Community Development Block Grant (CDBG) /
 Community Development Block Grant-Disaster Recovery
 (CDBG-DR)

Information

Housing Type: Large Family
 Geographic Area: Northern Region
 State Ceiling Pool: N/A
 Set Aside: N/A
 Homeless Set Aside Units: 6
 CDLAC Project Analyst: Anthony Wey
 CTCAC Project Analyst: Dianne Myers

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	10	18%
45% AMI:	12	21%
50% AMI:	28	49%
60% AMI:	7	12%

Unit Mix

28 1-Bedroom Units
15 2-Bedroom Units
<u>15 3-Bedroom Units</u>
58 Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
5 1 Bedroom	30%	\$778
1 2 Bedrooms	30%	\$933
1 1 Bedroom	30%	\$778
1 2 Bedrooms	30%	\$933
2 3 Bedrooms	30%	\$1,078
3 1 Bedroom	45%	\$1,167
3 2 Bedrooms	45%	\$1,400
4 3 Bedrooms	45%	\$1,618
2 2 Bedrooms	45%	\$1,400
9 1 Bedroom	50%	\$1,297
5 2 Bedrooms	50%	\$1,556
8 3 Bedrooms	50%	\$1,798
6 1 Bedroom	50%	\$1,297
3 1 Bedroom	60%	\$1,557
3 2 Bedrooms	60%	\$1,867
1 3 Bedrooms	60%	\$2,157
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,939,923
Construction Costs	\$31,400,014
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,587,102
Soft Cost Contingency	\$263,230
Relocation	\$0
Architectural/Engineering	\$1,900,000
Const. Interest, Perm. Financing	\$4,090,852
Legal Fees	\$70,000
Reserves	\$464,437
Other Costs	\$2,432,276
Developer Fee	\$5,958,843
Commercial Costs	\$0
Total	\$51,106,677

Residential

Construction Cost Per Square Foot:	\$511
Per Unit Cost:	\$881,150
Estimated Hard Per Unit Cost:	\$490,188
True Cash Per Unit Cost*:	\$821,514
Bond Allocation Per Unit:	\$459,086
Bond Allocation Per Restricted Rental Unit:	\$467,140

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
SVB ¹ : Tax-Exempt	\$26,627,000	SVB ¹ : Tax-Exempt	\$3,255,000
SVB ¹ : Taxable	\$1,842,634	Sonoma County: HOME	\$612,751
Sonoma County: HOME	\$551,476	Sonoma County: CDBG	\$1,079,394
Sonoma County: CDBG	\$971,455	CDBG-DR	\$8,706,428
HCD: Joe Serna	\$9,709,674	HCD: Joe Serna	\$9,709,674
City of Healdsburg	\$1,000,000	City of Healdsburg	\$1,000,000
Land Donation	\$2,730,000	Land Donation	\$2,730,000
Deferred Costs	\$2,260,037	Deferred Developer Fee	\$3,458,843
Deferred Developer Fee	\$3,458,843	Tax Credit Equity	\$20,554,587
Tax Credit Equity	\$1,955,558	TOTAL	\$51,106,677

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

¹Silicon Valley Bank

Determination of Credit Amount(s)

Requested Eligible Basis:	\$45,684,469
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$59,389,810
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,375,592
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,958,843
Federal Tax Credit Factor:	\$0.86524

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: None.

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	10
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	120

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: 86.016%