CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 3, 2008

Project Number CA-2008-947

Project Name Ashland Village Apartments
Address: 1300 Kentwood Lane
San Leandro, CA 94578 County: Alameda

Applicant Information
Applicant: Eden Housing, Inc.
Contact Andrea Papanastassiou
Address: 22645 Grand Avenue
Hayward, CA 94541
Phone: (510) 582-1460 Fax: (510) 582-6523
Email: andrea@edenhousing.org
Sponsors Type: Nonprofit

Information
Housing Type: Family

Bond Information
Issuer: County of Alameda
Expected Date of Issuance: January 30, 2009
Credit Enhancement: N/A

Eligible Basis
Actual: $24,082,265
Requested: $24,082,265
Maximum Permitted: $104,563,565

Extra Feature Adjustments:
55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted Between 50% AMI & 36% AMI: 40% ☒
55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 104% ☒

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	$963,071	$0
Recommended:	$963,071	$0

Project Information
Construction Type: Rehabilitation and Acquisition
Federal Subsidy: Tax-Exempt/HOME/Section 8
HCD MHP Funding: Yes
Total # of Units: 142
Total # Residential Buildings: 9

Income/Rent Targeting
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 140 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 35% of area median income: 74
Number of Units @ or below 50% of area median income: 56
Number of Units @ or below 60% of area median income: 10

Unit Type & Number		2008 Rents % of Area Median Income	Proposed Rent (including utilities)
65	Two-Bedroom	35%	$678
9	Three-Bedroom	35%	$783
50	Two-Bedroom	50%	$968
6	Three-Bedroom	50%	$1,119
8	Two-Bedroom	60%	$1,162
2	Three-Bedroom	60%	$1,343
2	Two-Bedroom	Manager's Unit	$1,109

The general partner or principal owner is Ashland Village Apartments, LLC.

The project developer is Eden Housing, Inc.

The management services will be provided by Eden Housing Management, Inc.

The market analysis was provided by Laurin Associates.

The Local Reviewing Agency, Alameda County Housing and Community Development Department, has completed a site review of this project and strongly supports this project.

Project Financing
Estimated Total Project Cost: $35,235,726 Per Unit Cost: $248,139 Construction Cost Per Sq. Foot: $259

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
WaMu/T.E. Bonds	$5,446,800	WaMu/T.E. Bonds	$5,446,800
WaMu/T.E. Bonds	$7,227,500	WaMu/T.E. Bonds	$7,227,500
WaMu/T.E. Bonds	$10,838,291	HCD - MHP	$7,720,000
County of Alameda – RDA	$6,500,000	County of Alameda – RDA	$1,005,209
County of Alameda – HOME	$740,000	County of Alameda – HOME	$740,000
AHP	$700,000	AHP	$700,000
Withdrawal from RR Account	$716,000	Withdrawal from RR Account	$716,000
Deferred Developer Fee	$1,300,000	Income from Operations	$1,045,000
Investor Equity	$505,245	Deferred Developer Fee	$1,300,000
		Investor Equity	$9,335,217
		TOTAL	**$35,235,726**

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	$11,446,861
Requested Acquisition Eligible Basis:	$12,635,404
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	$14,880,919
Qualified Acquisition Basis:	$12,635,404
Applicable Rate:	3.50%
Maximum Annual Federal Rehabilitation Credit:	$520,832
Maximum Annual Federal Acquisition Credit:	$442,239
Total Maximum Annual Federal Credit:	$963,071
Approved Developer Fee:	$2,500,000
Tax Credit Factor: *Meritt Capital*	$0.96932

Applicant requests and staff recommends annual federal credits of $963,071, based on a qualified rehabilitation basis of $14,880,919, a qualified acquisition basis of $12,635,404, and a funding shortfall of $9,335,217.

Cost Analysis and Line Item Review
The requested eligible basis $24,082,265 is below TCAC's adjusted threshold basis limit $104,563,565. The basis limit includes the adjustment for extraordinary features for 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted between 50% AMI & 36% AMI and 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted at 35% AMI & below. 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: Staff has inquired and received confirmation that the high credit pricing was due to the project being part of an existing pool and will be held by the investor.

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
$963,071	**$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.

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 after school programs 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: Anthony Zeto