CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
March 24, 2010

Project Number CA-2010-807

Project Name Lion Creek Crossings Phase IV
Address: SW corner of intersection of Lion Way and 69th Ave.
Oakland, CA 94621 County: Alameda

Applicant Information

Applicant:	Village-side Housing Partners, LP	
Contact	Ener Chiu	
Address:	310 8th Street, #200 Oakland, CA 94607	
Phone:	(510) 287-5353 x.338	Fax: (510) 763-4143
Email:	echiu@ebaldc.com	
Sponsors Type:	Joint Venture	

Information
Housing Type: Large Family

Bond Information
Issuer: Oakland Housing Authority
Expected Date of Issuance: 4/1/2010
Credit Enhancement: No

Eligible Basis
Actual: $31,869,294
Requested: $31,869,294
Maximum Permitted: $68,249,039

Extra Feature Adjustments:
Required to Pay Prevailing Wages: 20%
Parking Beneath Residential Units: 7%
3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features: 4%
Local Development Impact Fees:
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: 59%
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 40%

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	$1,450,053	$0
Recommended:	$1,450,053	$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt/Section 8
HCD MHP Funding: Yes
Total # of Units: 72
Total # Residential Buildings: 4

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 71 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 71

Unit Type & Number		2010 Rents % of Area Median Income	Proposed Rent (including utilities)
7	One-Bedroom	40%	$669
9	One-Bedroom	50%	$836
1	Two-Bedroom	30%	$439
6	Two-Bedroom	35%	$703
10	Two-Bedroom	40%	$804
10	Two-Bedroom	50%	$1,005
20	Three-Bedroom	30%	$446
2	Three-Bedroom	35%	$812
4	Three-Bedroom	40%	$928
2	Three-Bedroom	50%	$1,160
1	Two-Bedroom	Manager's Unit	$0

The general partner(s) or principal owner(s) are Lion Creek IV, LLC, and Related/Oakland Coliseum IV Development Co., LLC

The project developer is Village-side Housing Partners, LP

The management services will be provided by Related Management Company

The market analysis was provided by Laurin Associates

The Local Reviewing Agency, the City of Oakland, has completed a site review of this project and strongly supports this project.

Project Financing

Estimated Total Project Cost: $35,569,697 Per Unit Cost: $494,024 Construction Cost Per Sq. Foot: $340

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
JP Morgan Chase	$18,846,172	CCRC	$722,900
Oakland HOME	$3,499,453	CCRC	$443,000
Oakland Redevelopment Agency	$2,980,547	HCD – TOD	$7,527,592
Oakland Housing Authority	$6,606,743	Oakland HOME	$3,499,453
OHA land – take back until perm	$1,170,646	Oakland Redevelopment Agency	$2,980,547
Investor Equity	$300,000	Oakland Housing Authority	$6,606,743
		AHP	$720,000
		GP Equity	$1,200,000
		Deferred Developer Fee	$253,000
		Tax Credit Equity	$11,616,462
		TOTAL	**$35,569,697**

Determination of Credit Amount(s)

Requested Eligible Basis:	$31,869,294
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Basis:	$41,430,083
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	$1,450,053
Approved Developer Fee:	$2,500,000
Tax Credit Factor: *Bank of America*	$0.80

Applicant requests and staff recommends annual federal credits of $1,450,053 based on a qualified basis of $41,430,083 and a funding shortfall of $11,616,462.

Cost Analysis and Line Item Review

The requested eligible basis $31,869,294 is below TCAC's adjusted threshold basis limit $68,249,039. The basis limit includes the adjustment for extraordinary features for ● projects that are required to pay state or federal prevailing wages, ● projects that are required to provide parking beneath the residential units, ● local development impact fees, ● 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, ● 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted at 35% AMI & below, ● the adjustment for projects with 3 or more energy efficiency/resource conservation/indoor air quality items, ● for exceeding Title 24 by at least 15%, ● using tank less water heaters, a high efficiency condensing boiler (92% AFUE or greater), or a solar thermal domestic hot water pre-heating system, ● 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
$1,450,053	**$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 child care 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: Benjamin Schwartz