

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**September 23, 2009**

**Project Number** CA-2009-851

**Project Name** Amistad House  
**Address:** 2050 Delaware Street  
Berkeley, CA 94709 County: Alameda

**Applicant Information**

**Applicant:** Satellite Housing, Inc.  
**Contact** Ryan Chao  
**Address:** 1521 University Avenue  
Berkeley, CA 94703  
**Phone:** (510) 647-0700 **Fax:** (510) 647-0820  
**Email:** rchao@sathomes.org  
**Sponsors Type:** Nonprofit

**Information**

**Housing Type:** Seniors

**Bond Information**

**Issuer:** California Municipal Financing Authority (CMFA)  
**Expected Date of Issuance:** March 1, 2010  
**Credit Enhancement:** N/A

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$322,177	\$0
Recommended:	\$322,177	\$0

**Project Information**

**Construction Type:** Acquisition and Rehabilitation  
**Federal Subsidy:** Tax-Exempt/Project Based Section 8  
**HCD MHP Funding:** No  
**Total # of Units:** 60  
**Total # Residential Buildings:** 1  
**Federal Setaside Elected:** 40%/60%  
**% & No. of Targeted Units:** 100% - 59 units  
**55-Year Use/Affordability Restriction:** Yes

**Eligible Basis**

**Actual:** \$8,733,105  
**Requested:** \$8,733,105  
**Maximum Permitted:** \$25,185,855

**Adjustments to Threshold Basis Limit:**

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units that are Income Targeted  
 Between 50% AMI & 36% AMI: 61%

<u>Unit Type &amp; Number</u>	<u>2009 Rents % of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
1 Studio Unit	50%	\$781
35 One-bedroom Units	50%	\$836
23 One-bedroom Units	60%	\$1,003
1 One-bedroom Unit	Manager's Unit	\$783

The general partner or principal owner is Amistad House, LLC.

The project developer is Satellite Housing.

The management services will be provided by Satellite Housing.

The market analysis was provided by Novogradac & Co.

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

**Project Financing**

Estimated Total Project Cost: \$12,127,511 Per Unit Cost: \$202,125 Construction Cost Per Sq. Foot: \$25

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
US Bank Tranche A	\$1,818,000	US Bank Tranche A	\$1,818,000
US Bank Lender Tranche B	\$2,491,000	US Bank Lender Tranche B	\$2,491,000
US Bank Tranche C	\$1,991,000	City of Berkeley	\$300,000
FHLB, AHP	\$350,000	FHLB, AHP	\$350,000
Seller Carryback	\$3,307,018	Seller Carryback	3,238,651
Replacement Reserves	\$522,933	Replacement Reserves	522,933
		Deferred Developer Fee	\$983,907
		GP Equity	\$251
		Investor Equity	\$2,422,769
		<b>TOTAL</b>	<b>\$12,127,511</b>

**Determination of Credit Amount(s)**

Requested Rehabilitation Eligible Basis: \$1,745,701

Requested Acquisition Eligible Basis:	\$6,987,404
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	\$2,269,412
Qualified Acquisition Basis:	\$6,987,404
Applicable Rate:	3.50%
Maximum Annual Federal Rehabilitation Credit:	\$77,618
Maximum Annual Federal Acquisition Credit:	\$244,559
Total Maximum Annual Federal Credit:	\$322,177
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,133,907
Investor Consultant:	Community Economics
Federal Tax Credit Factor:	\$0.75200

### 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 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 Tax Credits/Annual	State Tax Credits/Total
\$322,177	\$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 (1) educational classes and (2) contract for services free of charge 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:** Velia Martinez