

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2010 First Round
June 9, 2010

Project Number CA-2010-814

Project Name Peralta Senior Housing
Site Address: 3701 Peralta Boulevard
Fremont, CA 94536 County: Alameda
Census Tract: 4417.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$890,655	\$3,028,735
Recommended:	\$870,255	\$3,028,735

Applicant Information

Applicant: Peralta Seniors, L.P.
Contact: Katie Lamont
Address: 22645 Grand Street
Hayward, CA 94541
Phone: 510-582-1460 Fax: 510-582-0122
Email: klamont@edenhousing.org

General partner(s) or principal owner(s): Eden Development, Inc.
General Partner Type: Nonprofit
Developer: Eden Housing, Inc.
Investor/Consultant: Community Economics
Management Agent: Eden Housing Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 98
No. & % of Tax Credit Units: 97 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt/HOME/CDBG/HUD 202
Affordability Breakdown by % (Lowest Income Points):
30% AMI: 10 %
40% AMI: 20 %
50% AMI: 40 %

Information

Set-Aside: N/A
Housing Type: Seniors
Geographic Area: North & East Bay
TCAC Project Analyst: Gina Ferguson

Unit Mix

89	1-Bedroom Units
9	2-Bedroom Units
98	Total Units

Unit Type & Number	2009 Rents Targeted % of Area Median Income	2009 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
9 1 Bedroom	30%	25%	\$418
12 1 Bedroom	40%	25%	\$418
66 1 Bedroom	50%	25%	\$418
2 1 Bedroom	40%	40%	\$669
1 2 Bedrooms	30%	30%	\$603
6 2 Bedrooms	40%	40%	\$804
1 2 Bedrooms	50%	40%	\$804
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost:	\$36,145,544	Construction Cost Per Square Foot:	\$175
		Per Unit Cost:	\$368,832

Construction Financing

Source	Amount
Union Bank - Tax-Exempt Bonds	\$18,000,000
City of Fremont RDA	\$12,720,621
County of Alameda - MHSA	\$1,000,000
FHLB AHP - Union Bank	\$970,000
GP Equity	\$878
Tax Credit Equity	\$1,400,000

Permanent Financing

Source	Amount
HUD Section 202 Capital Advance	\$13,371,781
City of Fremont RDA	\$12,101,499
County of Alameda - MHSA	\$1,000,000
FHLB AHP - Union Bank	\$970,000
GP Equity	\$878
LP Equity from Solar Credit	\$143,134
Deferred interest on soft loans	\$40,221
Deferred Developer Fee	\$158,330
Tax Credit Equity	\$8,359,700
TOTAL	\$36,145,544

Determination of Credit Amount(s)

Requested Eligible Basis:	\$25,595,738
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$25,595,738
Applicable Rate:	3.40%
Total Maximum Annual Federal Credit:	\$870,255
Total State Credit:	\$3,028,735
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	\$0.77613
State Tax Credit Factor:	\$0.53005

Per Regulation Section 10322(i)(4)(A), The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$25,595,738
Actual Eligible Basis:	\$25,595,738
Unadjusted Threshold Basis Limit:	\$26,092,589
Total Adjusted Threshold Basis Limit:	\$62,361,288

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 89%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 20%

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 limitations. Staff adjusted applicant's eligible basis developer fee as noted under "Special Issues." 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 3.40% 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:

This project's eligible basis developer fee exceeded the maximum allowed by regulation, \$1,400,000. Staff adjusted accordingly, resulting in a reduction in the maximum federal credit amount.

Local Reviewing Agency:

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

Recommendation: Staff recommends that the Committee make a preliminary 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
\$870,255

State Tax Credits/Total
\$3,028,735

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.

The applicant must submit all documentation required for any Readiness 150-Day Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation.

TCAC 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 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 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 TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Additional Conditions: None

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	14	14
Within ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within ¼ mile of a pharmacy	2	2	2
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Behavioral health services provided by appropriately-licensed org. or ind.	5	5	5
Sustainable Building Methods	8	8	8
LEED/Green Communities/GreenPoint Rated Multifamily Guidelines	8	8	8
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
Total Points	124	123	123

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.