

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2010 Second Round
September 22, 2010

Project Number CA-2010-208

Project Name Station District Family Housing Phase II
Site Address: 11th Street @ Cheeves Way
Union City, CA 94587 County: Alameda
Census Tract: 4403.090

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,500,641	\$0
Recommended:	\$1,500,641	\$0

Applicant Information

Applicant: Mid-Peninsula Housing Coalition
Contact: Joe Kirchofer
Address: 303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Phone: (650) 356-2974 Fax: (650) 357-9766
Email: jkirchofer@midpen-housing.org

General partner or principal owner: Mid-Peninsula Coastside, Inc.
General Partner Type: Nonprofit
Developer: Mid-Peninsula Housing Coalition
Investor/Consultant: Community Economics
Management Agent: Mid-Peninsula Housing Management Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 57
No. & % of Tax Credit Units: 56 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Project-based Section 8 vouchers (14 units - 25%)
Affordability Breakdown by % (Lowest Income Points):
30% AMI: 10 %
40% AMI: 25 %
50% AMI: 40 %

Information

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

Unit Mix

17	1-Bedroom Units
20	2-Bedroom Units
20	3-Bedroom Units
<u>57</u>	<u>Total Units</u>

<u>Unit Type & Number</u>	<u>2010 Rents Targeted % of Area Median Income</u>	<u>2010 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 1 Bedroom	30%	30%	\$508
5 1 Bedroom	40%	40%	\$678
10 1 Bedroom	50%	50%	\$847
2 2 Bedrooms	30%	30%	\$609
2 2 Bedrooms	40%	40%	\$813
3 2 Bedrooms	40%	40%	\$813
12 2 Bedrooms	50%	50%	\$1,016
2 3 Bedrooms	30%	30%	\$704
5 3 Bedrooms	40%	40%	\$939
13 3 Bedrooms	50%	50%	\$1,174
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost:	\$33,102,945	Construction Cost Per Square Foot:	\$136
		Per Unit Cost:	\$580,753

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Union Bank of California	\$14,326,220	Union Bank of California	\$2,374,000
Union City RDA	\$6,985,581	Union Bank of California (Section 8)	\$1,190,000
Union City RDA Land Loan	\$2,800,000	Union City RDA	\$6,985,581
Union City Infrastructure Contribution	\$6,823,391	Union City RDA Land Loan	\$2,800,000
Tax Credit Equity	\$1,500,000	Union City Infrastructure Contribution	\$6,823,391
		Accrued Interest During Construction	\$160,842
		Equity for PV Credit	\$164,005
		Deferred Developer Fee	\$600,000
		Tax Credit Equity	\$12,005,126
		TOTAL	\$33,102,945

Determination of Credit Amount(s)

Requested Eligible Basis:	\$12,825,989
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$16,673,786
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,500,641
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	\$0.80000

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:	\$12,825,989
Actual Eligible Basis:	\$18,521,488
Unadjusted Threshold Basis Limit:	\$15,949,973
Total Adjusted Threshold Basis Limit:	\$20,734,965

Adjustments to Basis Limit:

Required to Pay Prevailing Wages
95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Large Family
Second:	112.999%

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. 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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information: The project is located within a transit-oriented development (the Intermodal Station District) of Union City. The offsite infrastructure improvements attributed to this project have increased the project's per unit cost.

Legal Status: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency:

The Local Reviewing Agency, Community Redevelopment Agency of the City of Union City, 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	State Tax Credits/Total
\$1,500,641	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 a performance deposit and 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
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
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	15	15
Within ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ¼ mile of public park or community center open to general public	3	3	3
Within ¼ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Large Family proj. w/i ½ mile of public school project children may attend	2	2	2
Within ¼ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
Adult educational classes, minimum instruction of 60 hours/year	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	8	8	8
New construction/adaptive reuse energy efficiency 10% above Title 24	4	4	4
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
CRI Green-label, low-VOC carpet and pad	1	1	1
Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
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
State Credit Substitution	2	2	2
Total Points	146	146	146

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.