

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**October 19, 2011**

**Project Number** CA-2011-910

**Project Name** Lakeside Village Apartments  
Site Address: 4170 Springlake Drive  
San Leandro, CA 94578 County: Alameda  
Census Tract: 4332.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$4,567,358	\$0
Recommended:	\$4,567,358	\$0

**Applicant Information**

Applicant: Standard Lakeside I, LP  
Contact: Jeffrey Jaeger  
Address: 139 S. Beverly Drive, Suite 222  
Beverly Hills, CA 90212  
Phone: 310-553-5711 Fax: 310-551-1666  
Email: [jjjaeger@standardproperty.com](mailto:jjjaeger@standardproperty.com)

General partner(s) or principal owner(s): Pacific Southwest Community Development Corporation  
Standard Lakeside GP LLC  
General Partner Type: Joint Venture  
Developer: Standard Property Company and Jackson Square Properties  
Investor/Consultant: Boston Financial Investment Management  
Management Agent: Apartment Management Consultants

**Project Information**

Construction Type: Acquisition & Rehabilitation  
Total # Residential Buildings: 48  
Total # of Units: 840  
No. & % of Tax Credit Units: 830 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax Exempt  
HCD MHP Funding: No  
55-Year Use/Affordability: Yes  
Number of Units @ or below 50% of area median income: 84  
Number of Units @ or below 60% of area median income: 746

**Bond Information**

Issuer: Association of Bay Area Governments  
 Expected Date of Issuance: October 2011  
 Credit Enhancement: Citibank

**Information**

Housing Type: Non-Targeted  
 Geographic Area: North and East Bay Region  
 TCAC Project Analyst: Gina Ferguson

**Unit Mix**

208 SRO/Studio Units  
 456 1-Bedroom Units  
 175 2-Bedroom Units  
 1 3-Bedroom Units  


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 840 Total Units

<u>Unit Type &amp; Number</u>	<u>2011 Rents Targeted % of Area Median Income</u>	<u>2011 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
21 SRO/Studio	50%	50%	\$808
46 1 Bedroom	50%	50%	\$866
16 2 Bedrooms	50%	50%	\$1,038
1 2 Bedrooms	50%	50%	\$1,038
186 SRO/Studio	60%	60%	\$970
406 1 Bedroom	60%	60%	\$1,039
154 2 Bedrooms	60%	60%	\$1,246
1 SRO/Studio	Manager's Unit	Manager's Unit	\$950
4 1 Bedroom	Manager's Unit	Manager's Unit	\$1,015
4 2 Bedrooms	Manager's Unit	Manager's Unit	\$1,213
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$1,213

**Project Financing**

Estimated Total Project Cost: \$146,516,965

**Residential**

Construction Cost Per Square Foot: \$32  
 Per Unit Cost: \$174,425

**Construction Financing**

**Permanent Financing**

<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank, NA	\$93,191,206	Citibank, NA	\$93,191,206
Private Placement Bonds	\$6,808,794	Private Placement Bonds	\$6,808,794
General Partner Loan	\$3,127,064	General Partner Loan	\$3,127,064
Tax Credit Equity	\$43,389,901	Tax Credit Equity	\$43,389,901
		<b>TOTAL</b>	<b>\$146,516,965</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$24,063,972
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$110,270,087
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$24,063,972
Applicable Rate:	3.40%
Qualified Basis (Acquisition):	\$110,270,087
Applicable Rate:	3.40%
Maximum Annual Federal Credit, Rehabilitation:	\$818,175
Maximum Annual Federal Credit, Acquisition:	\$3,749,183
Total Maximum Annual Federal Credit:	\$4,567,358
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	Boston Financial Investment Management
Federal Tax Credit Factor:	\$0.95000

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:	\$134,334,059
Actual Eligible Basis:	\$134,334,059
Unadjusted Threshold Basis Limit:	\$221,855,544
Total Adjusted Threshold Basis Limit:	\$244,041,098

**Adjustments to Basis Limit:**

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 10%

**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 meet 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. 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 owner has agreed that TCAC Compliance management and staff will provide training for property management company Apartment Management Consultants (AMC), and the owner will engage a compliance consultant (Novogradac and Company) to ensure compliance with IRC Section 42 requirements. The on-site maintenance and office staff of AMC must attend the TCAC training session(s).

**Local Reviewing Agency:**

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

**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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$4,567,358</b>	<b>\$0</b>

**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 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.

Additional Conditions: The applicant/owner is required to provide the tenants with after school programs and educational classes 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.

The applicant/owner is required to complete the following Sustainable Building Methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the placed-in-service application is submitted:

- Energy Star rated ceiling fans in all bedrooms and living rooms; or use of a whole house fan; or use of an economizer cycle on mechanically cooled HVAC systems;

- Water-saving fixtures or flow restrictors in the kitchen (2 gpm or less) and bathrooms (1.5 gpm or less);

- At least one high efficiency toilet (1.3 gallons per flush) or dual-flush toilet per unit.