

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2012 First Round
July 11, 2012

Project Number CA-12-829

Project Name Lafayette Senior Housing
Site Address: 3428 Mt. Diablo Blvd
Lafayette, CA 94549 County: Contra Costa
Census Tract: 3490.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$560,360	\$2,276,463
Recommended:	\$560,360	\$2,276,463

Applicant Information

Applicant: Eden Housing, Inc.
Contact: Linda Mandolini
Address: 22645 Grand Street
Hayward, CA 94541
Phone: 510 582 1460 Fax: 510 582 0122
Email: lmandolini@edenhousing.org

General partner(s) or principal owner(s): Lafayette Senior LLC
Eden Housing Investments, 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: 46
No. & % of Tax Credit Units: 45 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HOME / CDBG
Affordability Breakdown by Units and % (Lowest Income Points):
30% AMI: 20 40 %
40% AMI: 23 50 %
Affordability Breakdown by % (Basis Limit Increase):
Number of Units @ or below 35% of area median income: 20
Number of Units @ or below 50% of area median income: 25

Bond Information

Issuer: Contra Costa County
 Expected Date of Issuance: July 2012
 Credit Enhancement: N/A

Information

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

Unit Mix

45 1-Bedroom Units
1 2-Bedroom Units
 46 Total Units

<u>Unit Type & Number</u>	<u>2012 Rents Targeted % of Area Median Income</u>	<u>2012 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
20 1 Bedroom	20%	20%	\$350
23 1 Bedroom	40%	40%	\$701
2 1 Bedroom	50%	50%	\$876
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$22,422,569

Residential

Construction Cost Per Square Foot: \$186
 Per Unit Cost: \$487,447

Construction Financing

Permanent Financing

<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Bank of America - Tax-Exempt Bonds	\$12,777,000	Bank of America - Tax-Exempt Bonds	\$2,439,000
City of Lafayette	\$3,500,000	HCD MHP	\$4,572,660
Contra Costa County HOME	\$1,600,000	City of Lafayette	\$3,500,000
Contra Costa County CDBG	\$1,400,000	Contra Costa County HOME	\$822,932
AHP	\$450,000	Contra Costa County CDBG	\$1,400,000
Deferred Interest During Construction	\$204,107	AHP	\$450,000
Tax Credit Equity	\$852,044	Deferred Interest	\$204,107
		Deferred Developer Fee	\$477,087
		General Partner Equity	\$880,913
		Solar Credit Equity	\$84,741
		Tax Credit Equity	\$7,591,130
		TOTAL	\$22,422,569

Determination of Credit Amount(s)

Requested Eligible Basis:	\$17,511,257
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$17,511,257
Applicable Rate:	3.20%
Total Maximum Annual Federal Credit:	\$560,360
Total State Credit:	\$2,276,463
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	\$1.05000
State Tax Credit Factor:	\$0.75000

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:	\$17,511,257
Actual Eligible Basis:	\$17,511,257
Unadjusted Threshold Basis Limit:	\$10,970,570
Total Adjusted Threshold Basis Limit:	\$32,056,475

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

Parking Beneath Residential Units

Local Development Impact Fees

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: 55%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 88%

Tie-Breaker Information

Final: N/A

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 3.20% 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:

Staff noted that the preliminary architectural drawings did not identify the amount of washers/dryers. Per TCAC Regulation Section 10325(g)(2) adequate laundry facilities must be available on project premises, with no fewer than one washer/dryer per 15 units upon completion of the project prior to the issuance of federal and state tax forms.

The project has a commitment from the Housing Authority of the County of Contra Costa for 45 project-based rental assistance vouchers.

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, the City of Lafayette, 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
\$560,360	\$2,276,463

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 to Proceed 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 a performance deposit and reservation 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	15	15
Within ¼ mile of regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within ¼ mile of public park or community center open to general public	3	3	3
Within ¼ mile of public library	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within ½ mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, minimum 60 hrs/yr instruction	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: GreenPoint Rated MF	5	5	5
Develop project to requirements of: GreenPoint Rated Multifamily 125	5	5	5
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	10
Total Points	126	126	116

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.