

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2012 Second Round**

**October 10, 2012**

**Project Number** CA-12-857

**Project Name** South Hayward BART Family & Senior  
Site Address: 28901 Mission Boulevard  
Hayward, CA 94544 County: Alameda  
Census Tract: 4351.040

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,499,371	\$6,091,192
Recommended:	\$1,499,371	\$6,091,192

**Applicant Information**

Applicant: Eden Housing, Inc.  
Contact: Linda Mandolini  
Address: 22645 Grand Street  
Hayward CA 94541  
Phone: 510-582-1460 Fax: (510) 582-6523  
Email: lmandolini@edenhousing.org

General partner(s) or principal owner(s): Eden 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: 2  
Total # of Units: 151  
No. & % of Tax Credit Units: 150 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt / HOME / NSP2  
Affordability Breakdown by Units and % (Lowest Income Points):  
30% AMI: 41 25 %  
40% AMI: 50 30 %  
50% AMI: 23 15 %

Affordability Breakdown by % (Basis Limit Increase):  
Number of Units @ or below 35% of area median income: 41  
Number of Units @ or below 50% of area median income: 73  
Number of Units @ or below 60% of area median income: 36

**Bond Information**

Issuer: City of Hayward  
 Expected Date of Issuance: 03/31/13  
 Credit Enhancement: N/A

**Information**

Set-Aside: N/A  
 Housing Type: Large Family  
 Geographic Area: North and East Bay Region  
 TCAC Project Analyst: Marisol Parks

**Unit Mix**

64 1-Bedroom Units  
 55 2-Bedroom Units  
 32 3-Bedroom Units  


---

 151 Total Units

<u>Unit Type &amp; 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>
5 1 Bedroom	30%	15%	\$256
19 1 Bedroom	30%	30%	\$525
29 1 Bedroom	40%	40%	\$700
11 1 Bedroom	50%	50%	\$876
12 2 Bedrooms	30%	30%	\$631
13 2 Bedrooms	40%	40%	\$841
7 2 Bedrooms	50%	50%	\$1,052
22 2 Bedrooms	60%	50%	\$1,052
5 3 Bedrooms	30%	30%	\$729
8 3 Bedrooms	40%	40%	\$972
5 3 Bedrooms	50%	50%	\$1,215
14 3 Bedrooms	60%	50%	\$1,215
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost:	\$51,519,328
Estimated Residential Project Cost:	\$51,519,328

**Residential**

Construction Cost Per Square Foot:	\$176
Per Unit Cost:	\$341,188

**Construction Financing**

Source	Amount
Wells Fargo	\$34,559,446
City of Hayward - Housing Authority	\$4,250,000
City of Hayward - HOME	\$900,000
City of Hayward - NSP2	\$813,000
HCD - Infill Infrastructure Grant	\$6,000,000
Tax Credit Equity	\$2,072,317

**Permanent Financing**

Source	Amount
Wells Fargo	\$2,824,475
City of Hayward - Housing Authority	\$4,250,000
City of Hayward - HOME	\$900,000
City of Hayward - NSP2	\$813,000
HCD - Infill Infrastructure Grant	\$6,000,000
HCD - TOD loan	\$15,101,383
AHP	\$1,000,000
MHSA	\$360,000
Deferred Developer Fee	\$202,332
Tax Credit Equity	\$20,068,138
<b>TOTAL</b>	<b>\$51,519,328</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$46,855,333
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$46,855,333
Applicable Rate:	3.20%
Maximum Annual Federal Credit:	\$1,499,371
Total State Credit:	\$6,091,192
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	\$1.05000
State Tax Credit Factor:	\$0.71000

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:	\$46,855,333
Actual Eligible Basis:	\$46,855,333
Unadjusted Threshold Basis Limit:	\$43,870,336
Total Adjusted Threshold Basis Limit	\$104,850,104

**Adjustments to Basis Limit:**

Required to Pay Prevailing Wages  
 Parking Beneath Residential Units  
 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: 48%  
 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 54%

**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:** None

**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, City of Hayward, 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$1,499,371</b>	<b>\$6,091,192</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.

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

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>0</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>13</b>
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 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Large Family proj. w/i 1/2 mile of public middle school project children may	3	3	0
Within 1 mile of medical clinic or hospital	2	2	0
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
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
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of GreenPoint Rated Multifam	5	5	5
Develop project to requirements of: GreenPoint Rated Multifami 125	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>15</b>	<b>15</b>
<b>Total Points</b>	<b>126</b>	<b>121</b>	<b>109</b>

**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.**