CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 17, 2018

Warm Springs TOD Village Affordable #1, located at 44960 Warm Springs Boulevard in Fremont, requested and is being recommended for a reservation of $1,618,038 in annual federal tax credits to finance the new construction of 70 units of housing serving large families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Eden Housing, Inc. and will be located in Senate District 10 and Assembly District 25.

Project Number CA-18-613

Project Name Warm Springs TOD Village Affordable #1
Site Address: 44960 Warm Springs Boulevard
Fremont, CA 94538 County: Alameda
Census Tract: 4415.03

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,618,038	$0
Recommended:	$1,618,038	$0

Applicant Information
Applicant: Eden Housing, Inc.
Contact: Linda Mandolini
Address: 22645 Grand Street
Hayward, CA 94541
Phone: 510.542.1460
Email: lmandolini@edenhousing.org

General Partner(s) or Principal Owner(s): Eden Investments, Inc.
General Partner Type: Nonprofit
Parent Company(ies): Eden Housing, Inc.
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: 71
No. / % of Low Income Units: 70 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt

Bond Information

Issuer:	California Municipal Finance Authority
Expected Date of Issuance:	February 28, 2019

Information

Housing Type:	Large Family
Geographic Area:	East Bay Region
TCAC Project Analyst:	Carmen Doonan

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
At or Below 35% AMI:	14	20%
At or Below 50% AMI:	28	40%
At or Below 60% AMI:	28	40%

Unit Mix

19	1-Bedroom Units
32	2-Bedroom Units
20	3-Bedroom Units
71	Total Units

Unit Type & Number		2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
4	1 Bedroom	30%	30%	$654
8	1 Bedroom	50%	50%	$1,090
7	1 Bedroom	60%	60%	$1,308
7	2 Bedrooms	30%	30%	$784
12	2 Bedrooms	50%	50%	$1,307
12	2 Bedrooms	60%	60%	$1,569
3	3 Bedrooms	30%	30%	$906
8	3 Bedrooms	50%	50%	$1,510
9	3 Bedrooms	60%	60%	$1,812
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

TCAC-confirmed Projected Lifetime Rent Benefit: $57,492,600

Project Cost Summary at Application

Land and Acquisition	$7,260,000
Construction Costs	$24,424,864
Rehabilitation Costs	$0
Construction Contingency	$1,129,984
Relocation	$0
Architectural/Engineering	$1,273,000
Const. Interest, Perm. Financing	$2,614,437
Legal Fees, Appraisals	$85,000
Reserves	$312,672
Other Costs	$4,750,606
Developer Fee	$4,964,678
Commercial Costs	$0
Total	**$46,815,241**

Residential

Construction Cost Per Square Foot:	$272
Per Unit Cost:	$659,370
True Cash Per Unit Cost*:	$546,110

Construction Financing

Source	Amount
Wells Fargo	$25,000,000
Land Donation	$7,100,000
Master Developer Loan	$8,766,574
Tax Credit Equity	$1,553,317

Permanent Financing

Source	Amount
CCRC	$5,182,000
Land Donation	$7,100,000
Master Developer Loan	$15,111,176
Deferred Developer Fee	$941,445
General Partner Equity	$3,049,453
Tax Credit Equity	$15,431,166
TOTAL	**$46,815,241**

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	$38,062,531
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$49,481,290
Applicable Rate:	3.27%
Maximum Annual Federal Credit:	$1,618,038
Approved Developer Fee (in Project Cost & Eligible Basis):	$4,964,678
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	$0.95370

Except as allowed for projects basing cost on assumed third party debt, the "as if vacant" land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	$38,062,531
Actual Eligible Basis:	$38,062,531
Unadjusted Threshold Basis Limit:	$29,633,804
Total Adjusted Threshold Basis Limit:	$63,126,961

Adjustments to Basis Limit

Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels
Local Development Impact Fees
95% of Upper Floor Units are Elevator-Serviced
Highest or High Resource Opportunity Area
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 40%
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 40%

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 3.27% 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.

Significant Information / Additional Conditions

Staff noted a high per unit development cost of $546,110. The applicant noted that the high per unit cost is attributed to high land costs in this region, competitive construction market, high rise design, and the project being located in a HUD designated SDDA.

This 132 unit application was submitted as a hybrid application serving large families. The project is comprised of a 9% component (CA-18-133) consisting of 61 units and a 4% component (CA-18-613) consisting of 71 units. All units in the project will have access to a community room, computer room, service coordinator, and adult education, health and wellness classes.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

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

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 a 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/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 TCAC placed-in-service application is submitted:

- The project commits to becoming certified under Leadership in Energy & Environmental Design (LEED); GreenPoint Rated Multifamily Guidelines