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

Faith - Tennyson, located at 981 West Tennyson Road and 983 Forselles Way in Hayward, requested and is being recommended for a reservation of $3,806,024 in annual federal tax credits to finance the acquisition and rehabilitation of 155 units of housing serving large families with rents affordable to households earning 30%-80% of area median income (AMI). The project will be developed by Eden Housing, Inc. and is located in Senate District 10 and Assembly District 20.

Faith - Tennyson is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Tennyson Apartments (CA-2001-863). See **Resyndication and Resyndication Transfer Event** below for additional information. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

Project Number	CA-18-632	
Project Name	Faith - Tennyson	
Site Address:	981 West Tennyson Road and 983 Forselles Way	
	Hayward, CA 94544	County: Alameda
Census Tract:	4377.01	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$3,806,024	$0
Recommended:	$3,806,024	$0

Applicant Information

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

General Partner(s) or Principal Owner(s):	Gotta Have Faith, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Eden Housing, Inc.
Developer:	Eden Housing, Inc.
Investor/Consultant:	California Housing Partnership Corporation
Management Agent:	Eden Housing Management

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	28
Total # of Units:	158
No. / % of Low Income Units:	155 100.00%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt / HOME / HUD Section 8 Project-based Contract (44 Units - 28%)

Bond Information

Issuer:	Alameda County Housing and Community Development
Expected Date of Issuance:	November 1, 2018

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:	15	10%
At or Below 50% AMI:	56	36%
At or Below 60% AMI:	78	50%
At or Below 80% AMI:	6	4%

Unit Mix

24	1-Bedroom Units
76	2-Bedroom Units
58	3-Bedroom Units
158	Total Units

Unit Type & Number		2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
7	2 Bedrooms	50%	45%	$1,173
8	3 Bedrooms	50%	45%	$1,356
19	2 Bedrooms	60%	53%	$1,384
21	3 Bedrooms	60%	53%	$1,604
1	2 Bedrooms	80%	55%	$1,437
5	3 Bedrooms	80%	55%	$1,673
7	1 Bedroom	30%	30%	$654
5	2 Bedrooms	30%	30%	$784
3	3 Bedrooms	30%	30%	$906
4	1 Bedroom	50%	50%	$1,090
18	2 Bedrooms	50%	50%	$1,307
7	3 Bedrooms	50%	50%	$1,510
2	1 Bedroom	50%	44%	$962
6	2 Bedrooms	50%	44%	$1,142
4	3 Bedrooms	50%	44%	$1,334
10	1 Bedroom	60%	53%	$1,164
19	2 Bedrooms	60%	53%	$1,377
9	3 Bedrooms	60%	54%	$1,627
1	1 Bedroom	Manager’s Unit	Manager’s Unit	$0
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

TCAC-confirmed Projected Lifetime Rent Benefit: $80,535,840

Project Cost Summary at Application

Land and Acquisition	$54,312,204
Construction Costs	$0
Rehabilitation Costs	$28,844,235
Construction Contingency	$3,461,308
Relocation	$3,600,000
Architectural/Engineering	$1,595,000
Const. Interest, Perm. Financing	$4,799,281
Legal Fees, Appraisals	$127,500
Reserves	$818,833
Other Costs	$1,505,631
Developer Fee	$12,655,562
Commercial Costs	$0
Total	**$111,719,554**

Residential

Construction Cost Per Square Foot:	$207
Per Unit Cost:	$707,086
True Cash Per Unit Cost*:	$431,339

Construction Financing

Source	Amount
Chase Bank	$59,149,000
Seller Carryback	$38,772,636
Alameda County - HOME	$1,173,148
Accrued/Deferred Interest	$31,459
Existing Reserves	$641,198
Deferred Costs	$3,371,783
Deferred Developer Fee	$4,795,301
Tax Credit Equity	$3,785,029

Permanent Financing

Source	Amount
Chase Bank	$20,192,000
Seller Carryback	$38,772,636
Alameda County - HOME	$1,223,148
Accrued/Deferred Interest	$31,459
Existing Reserves	$641,198
Income from Operations	$2,133,850
Deferred Developer Fee	$4,795,301
General Partner Equity	$4,810,261
Solar Tax Credit Equity	$61,576
Tax Credit Equity	$39,058,125
TOTAL	**$111,719,554**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$47,261,765
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$54,951,871
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$61,440,294
Qualified Basis (Acquisition):	$54,951,871
Applicable Rate:	3.27%
Maximum Annual Federal Credit, Rehabilitation:	$2,009,098
Maximum Annual Federal Credit, Acquisition:	$1,796,926
Total Maximum Annual Federal Credit:	$3,806,024
Approved Developer Fee (in Project Cost & Eligible Basis):	$12,655,562
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$1.02622

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:	$102,213,636
Actual Eligible Basis:	$102,213,636
Unadjusted Threshold Basis Limit:	$68,734,944
Total Adjusted Threshold Basis Limit:	$105,851,814

Adjustments to Basis Limit

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

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 18%

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
This project is comprised of two sites separated by a street. Tennyson Apartments is a resyndication of CA-2001-863, and Faith Manor is an acquisition and rehabilitation first time tax credit syndication.

Resyndication and Resyndication Transfer Event
Prior to closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-2001-863). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed.

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement and any deeper targeting levels in the new regulatory agreement for the duration of the new regulatory agreement. Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household at Tennyson Apartments determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-2001-863) is a qualified low-income household at that site only for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is a resyndication where the existing regulatory agreement requires service amenities of after school programs and recreational programs. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on TCAC staff’s review of the commitment in the application. The services documented in the placed in service package will be reviewed by TCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a resyndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from the requirements under TCAC Regulation Section 10320(b)(4)(B).

Local Reviewing Agency
The Local Reviewing Agency, City of Hayward, 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.

CDLAC Additional Conditions: None