

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2018 Waiting List

October 23, 2018

Alameda Point Senior, located at 171 W. Atlantic Avenue in Alameda, requested and is being recommended for a reservation of \$2,184,372 in annual federal tax credits to finance the new construction of 59 units of housing serving seniors/special needs tenants 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 9 and Assembly District 8.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the VHHP program of HCD.

Project Number CA-18-092

Project Name Alameda Point Senior
Site Address: 171 W. Atlantic Avenue
Alameda, CA 94501 County: Alameda
Census Tract: 4287.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,184,372	\$0
Recommended:	\$2,184,372	\$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) / Principal Owner(s): Eden Development, Inc.
General Partner Type: Nonprofit
Parent Company(ies): Eden Housing, Inc
Developer: Eden Housing, Inc.
Investor/Consultant: Community Economics
Management Agent(s): Eden Housing Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 60
No. & % of Tax Credit Units: 59 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project Based Vouchers (25 units - 41%)

Information

Set-Aside: N/A
 Housing Type: Special Needs
 Type of Special Needs: Homeless/Formerly Homeless
 Average Targeted Affordability of Special Needs/SRO Project Units: 39.3%
 % of Special Need Units: 30 units 50%
 Geographic Area: East Bay Region
 TCAC Project Analyst: Marlene McDonough

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
At or Below 30% AMI:	16	25%
At or Below 50% AMI:	15	25%

Unit Mix

48 1-Bedroom Units
12 2-Bedroom Units
60 Total Units

Unit Type & Number	2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
5 1 Bedroom	30%	15%	\$327
9 1 Bedroom	30%	30%	\$654
11 1 Bedroom	50%	50%	\$1,090
23 1 Bedroom	60%	60%	\$1,308
1 2 Bedrooms	30%	30%	\$784
4 2 Bedrooms	50%	50%	\$1,307
5 2 Bedrooms	60%	60%	\$1,569
1 2 Bedrooms	30%	30%	\$784
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$61,966,740

Project Cost Summary at Application

Land and Acquisition	\$5,074,492
Construction Costs	\$24,703,817
Rehabilitation Costs	\$0
Construction Contingency	\$1,245,858
Relocation	\$0
Architectural/Engineering	\$1,444,990
Const. Interest, Perm. Financing	\$1,862,638
Legal Fees, Appraisals	\$95,654
Reserves	\$644,140
Other Costs	\$3,307,131
Developer Fee	\$1,400,000
Commercial Costs	\$0
Total	\$39,778,719

Residential

Construction Cost Per Square Foot:	\$428
Per Unit Cost:	\$662,979
True Cash Per Unit Cost*:	\$557,410

Construction Financing

Source	Amount
Wells Fargo	\$23,346,522
City of Alameda Land Donation	\$4,800,000
City of Alameda Fee**	\$1,034,149
Measure A1 Loan	\$3,000,000
AHP	\$590,000
EBMUD Impact Fee**	\$500,000
Developer Contribution	\$3,000,000
General Partner Equity	\$100
Tax Credit Equity	\$2,096,808

Permanent Financing

Source	Amount
CCRC - Tranche A	\$1,729,000
CCRC - Tranche B	\$2,876,000
City of Alameda Land Donation	\$4,800,000
City of Alameda Fee**	\$1,034,149
Measure A1 Loan	\$3,000,000
AHP	\$590,000
HCD - VHHP	\$1,399,387
EBMUD Impact Fee**	\$500,000
Developer Contribution	\$3,000,000
General Partner Equity	\$100
Tax Credit Equity	\$20,850,083
TOTAL	\$39,778,719

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

**Master Developer Contribution

Determination of Credit Amount(s)

Requested Eligible Basis:	\$18,669,845
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$24,270,799
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,184,372
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	\$0.95451

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, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. 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:	\$18,669,845
Actual Eligible Basis:	\$31,887,511
Unadjusted Threshold Basis Limit:	\$17,982,192
Total Adjusted Threshold Basis Limit:	\$26,961,890

Adjustments to Basis Limit

- Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages
- 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

Tie-Breaker Information

First:	Special Needs
Final:	54.836%

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 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.25%. 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 per unit development cost of \$662.979. The applicant noted that the high per unit cost is attributed to converting the utilities from a US Naval Base to the proposed multifamily residential building, and soil composition requiring piles to mitigate differential settlement of the new structure.

The project will serve 50% special needs seniors who are homeless or at-risk of being homeless. The balance of the units will be for low-income seniors.

Resyndication and Resyndication Transfer Event: 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, The City of Alameda, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 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.

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 fifteen 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)(5) 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.

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 ½ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Special Needs project within ½ mile of facility serving tenant population	3	3	3
Within 1 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, min. 60 hrs/yr instruction	5	5	5
SPECIAL NEEDS HOUSING TYPE			
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: GreenPoint Rated Program	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	113	113	113

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.