CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 16, 2019
REVISED

Stone Pine Meadow, located at 229 W. Grant Line Road in Tracy, requested and is being recommended for a reservation of $936,413 in annual federal tax credits to finance the acquisition and rehabilitation of 71 units of housing serving large families with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Eden Housing, Inc. and is located in Senate District 5 and Assembly District 13.

Stone Pine Meadow is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Stone Pine Meadows (CA-2001-853). See **Resyndication and Resyndication Transfer Event** below for additional information. The project will be receiving rental assistance in the form of a HUD Section 8 Project-based Contract. The project financing includes state funding from CalHFA.

Project Number	CA-19-528	
Project Name	Stone Pine Meadow	
Site Address:	229 W. Grant Line Road	
	Tracy, CA 95376	County: San Joaquin
Census Tract:	53.05	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$936,413	$0
Recommended:	$936,413	$0

Applicant Information

Applicant:	Eden Housing Inc. and Stone Pine Meadow Two, L.P.
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):	Stone Pine Meadow Two, 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, Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	14
Total # of Units:	72
No. / % of Low Income Units:	71 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HOME / HUD Project-based Contract (19 units - 18%)

Bond Information

Issuer:	California Housing Finance Agency
Expected Date of Issuance:	December 15, 2019

Information

Housing Type:	Large Family
Geographic Area:	Central Valley Region
TCAC Project Analyst:	Tiffani Negrete

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	30	42%
60% AMI:	41	58%

Unit Mix

15	1-Bedroom Units
23	2-Bedroom Units
28	3-Bedroom Units
6	4-Bedroom Units
72	Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
15	1 Bedroom	50%	50%	$656
6	2 Bedrooms	50%	50%	$787
8	3 Bedrooms	50%	50%	$910
1	4 Bedrooms	50%	50%	$1,015
17	2 Bedrooms	60%	60%	$945
19	3 Bedrooms	60%	60%	$1,092
5	4 Bedrooms	60%	60%	$1,218
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$10,036,000
Construction Costs	$0
Rehabilitation Costs	$8,422,200
Construction Hard Cost Contingency	$843,000
Soft Cost Contingency	$180,000
Relocation	$1,300,000
Architectural/Engineering	$493,000
Const. Interest, Perm. Financing	$947,094
Legal Fees	$35,000
Reserves	$353,629
Other Costs	$191,474
Developer Fee	$3,187,314
Commercial Costs	$0
Total	**$25,988,711**

Residential	
Construction Cost Per Square Foot:	$109
Per Unit Cost:	$360,954
True Cash Per Unit Cost*:	$270,504

Construction Financing

Source	Amount
BBVA Mortgage - T.E. Bonds	$14,572,000
City of Tracy (Assumed)	$2,575,994
San Joaquin County - HOME (Assumed)	$471,738
San Joaquin County - HOME (Assumed)	$219,286
San Joaquin County - HOME	$62,648
Seller Carryback Loan	$4,125,082
Replacement Reserves	$103,727
Deferred Costs	$633,412
Deferred Developer Fee	$2,387,314
Tax Credit Equity	$837,510

Permanent Financing

Source	Amount
BBVA Mortgage - T.E. Bonds	$2,774,000
BBVA Mortgage - T.E. Bonds	$610,000
City of Tracy (Assumed)	$2,575,994
San Joaquin County - HOME (Assumed)	$471,738
San Joaquin County - HOME (Assumed)	$219,286
San Joaquin County - HOME	$62,648
CalHFA	$2,500,000
Seller Carryback Loan	$4,125,082
Operating Income	$285,738
Replacement Reserves	$103,727
Deferred Developer Fee	$2,387,314
General Partner Equity	$416,000
Tax Credit Equity	$9,457,184
TOTAL	**$25,988,711**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$13,133,580
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$11,302,493
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$17,073,654
Qualified Basis (Acquisition):	$11,302,493
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$563,431
Maximum Annual Federal Credit, Acquisition:	$372,982
Total Maximum Annual Federal Credit:	$936,413
Approved Developer Fee (in Project Cost & Eligible Basis):	$3,187,314
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$1.00994

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:	$24,436,073
Actual Eligible Basis:	$24,436,073
Unadjusted Threshold Basis Limit:	$26,376,166
Total Adjusted Threshold Basis Limit:	$37,454,156

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: 42%

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 or 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 3.30% 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
The applicant requested and has been granted a partial waiver to reduce the 10% mobility feature requirement under TCAC Regulation Section 10325(f)(7)(K) due to excessive expense / undue financial burden in moving load-bearing walls and electrical panels. The project shall provide 5% of the units (4 units) meeting the provisions of California Building Code Chapter 11(B) regarding mobility accessibility features and 4% (3 units) with communication features. The project shall provide 5% of the units (4 units) meeting the provisions of California Building Code Chapter 11(A) regarding mobility features.

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-2001-853). 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. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s).

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 determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-2001-853) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

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).

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.

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

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.