

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2019 Waiting List Project**  
**October 16, 2019**

Parrott Street Apartments, located at 1604 & 1642 San Leandro Boulevard in San Leandro, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$3,850,000 in total state tax credits to finance the new construction of 61 units of housing serving tenants/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 18 and Assembly District 9.

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

**Project Number** CA-19-061

**Project Name** Parrott Street Apartments  
 Site Address: 1604 & 1642 San Leandro Boulevard  
 San Leandro, CA 94577 County: Alameda  
 Census Tract: 4326.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,500,000	\$3,850,000
Recommended:	\$2,500,000	\$3,850,000

\* The applicant made an irrevocable election to sell (Certificate) all or any portion of the state credits.

**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, Inc.  
 Management Agent(s): Eden Housing Management, Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 62  
 No. & % of Tax Credit Units: 61 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HUD-VASH Project-based Vouchers (25 Units - 41%)

**Information**

Set-Aside: N/A  
 Housing Type: Special Needs  
 Type of Special Needs: Homeless  
 Average Targeted Affordability of Special Needs/SRO Project Units: 34.84%  
 % of Special Need Units 31 units 50%  
 Geographic Area: East Bay Region  
 TCAC Project Analyst: Jack Waegell

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 23	35%
At or Below 50% AMI: 20	30%
At or Below 60% AMI: 18	25%

**Unit Mix**

22 SRO/Studio Units  
 22 1-Bedroom Units  
18 2-Bedroom Units  
 62 Total Units

<u>Unit Type &amp; Number</u>	<u>2019 Rents Targeted % of Area Median Income</u>	<u>2019 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 SRO/Studio	20%	15%	\$326
2 SRO/Studio	30%	15%	\$326
7 SRO/Studio	30%	30%	\$651
9 SRO/Studio	50%	50%	\$1,085
6 1 Bedroom	30%	30%	\$697
9 1 Bedroom	50%	50%	\$1,162
7 1 Bedroom	60%	60%	\$1,395
4 2 Bedrooms	30%	30%	\$837
2 2 Bedrooms	50%	50%	\$1,395
7 2 Bedrooms	60%	60%	\$1,674
4 2 Bedrooms	60%	53%	\$1,465
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$3,476,566
Construction Costs	\$26,516,500
Rehabilitation Costs	\$0
Construction Contingency	\$1,524,689
Relocation	\$263,000
Architectural/Engineering	\$1,324,486
Const. Interest, Perm. Financing	\$2,769,999
Legal Fees	\$225,000
Reserves	\$624,462
Other Costs	\$3,641,532
Developer Fee	\$1,588,708
Commercial Costs	\$0
<b>Total</b>	<b>\$41,954,941</b>

**Residential**

Construction Cost Per Square Foot:	\$515
Per Unit Cost:	\$676,693
True Cash Per Unit Cost*:	\$674,290

**Construction Financing**

Source	Amount
Union Bank	\$29,421,798
Alameda County - A1 Base City	\$4,000,000
Alameda County - A1 Regional Pool	\$1,466,259
City of San Leandro	\$1,000,000
AHP	\$570,000
General Partner Equity	\$100
Tax Credit Equity	\$2,808,000

**Permanent Financing**

Source	Amount
Union Bank - Tranche A	\$994,600
Union Bank - Tranche B	\$2,763,200
Alameda County - A1 Base City	\$4,000,000
Alameda County - A1 Regional Pool	\$1,466,259
City of San Leandro	\$1,000,000
HCD - VHHP	\$3,067,794
AHP	\$570,000
Deferred Developer Fee	\$139,988
General Partner Equity	\$100
Tax Credit Equity	\$27,953,000
<b>TOTAL</b>	<b>\$41,954,941</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$21,367,522
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,778
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$3,850,000
Approved Developer Fee in Project Cost:	\$1,588,708
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.99492
State Tax Credit Factor:	\$0.80000

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:	\$21,367,522
Actual Eligible Basis:	\$36,203,645
Unadjusted Threshold Basis Limit:	\$18,990,020
Total Adjusted Threshold Basis Limit:	\$28,331,460

**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

**Tie-Breaker Information**

First:	<b>Special Needs</b>
Final:	<b>48.207%</b>

**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 9.0% 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 project's estimated cost is \$676,693 per unit. The project's relatively high cost is due in part to the land cost for this infill site across the street from a BART station and the building's construction which will include increased wall ratings due to zero lot line conditions, higher sound ratings for windows and ventilation systems due to its proximity to BART, roof structure upgrades to support solar installations and exterior building maintenance infrastructure, and the costs associated with building a Type I concrete podium for the 4 floors of the Type V (wood frame) residential building. In addition the project will be built under prevailing wage requirements.

**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 San Leandro, 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.

<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>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1/3 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/2 mile of public library	3	3	3
Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Special Needs project within 1/2 mile of facility serving tenant population	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Within 1/2 mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>NON-TARGETED HOUSING TYPE</b>			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
<b>SPECIAL NEEDS HOUSING TYPE</b>			
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
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>NEW CONSTRUCTION/ADAPTIVE REUSE</b>			
Develop project in accordance w/ requirements: GreenPoint Rated Program	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 Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>113</b>	<b>113</b>	<b>113</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.**