

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**Tax-Exempt Bond Project**

**January 15, 2020**

Alameda Point Family, located at 170 Coronado Avenue in Alameda, requested and is being recommended for a reservation of \$2,291,594 in annual federal tax credits and \$5,800,000 in total state tax credits to finance the new construction of 69 units of housing serving large families with rents affordable to households earning 20-60% 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 18.

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 NPLH program of HCD.

<b>Project Number</b>	CA-20-452	
<b>Project Name</b>	Alameda Point Family	
Site Address:	170 Coronado Avenue	
	Alameda, CA 94501	County: Alameda
Census Tract:	4287.00	

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,291,594	\$5,800,000
Recommended:	\$2,291,594	\$5,800,000

\* The applicant made an 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) or 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:	Eden Housing Management, Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 70  
 No. / % of Low Income Units: 69 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (16 units - 23%)

**Bond Information**

Issuer: California Municipal Finance Authority  
 Expected Date of Issuance: June 1, 2020

**Information**

Housing Type: Large Family  
 Geographic Area: East Bay Region  
 TCAC Project Analyst: Tiffani Negrete

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
20% AMI: 14	20%
30% AMI: 20	29%
50% AMI: 16	23%
60% AMI: 19	28%

**Unit Mix**

14 1-Bedroom Units  
 37 2-Bedroom Units  
19 3-Bedroom Units  
 70 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>
5 1 Bedroom	20%	10%	\$233
3 1 Bedroom	30%	30%	\$697
6 1 Bedroom	30%	10%	\$233
9 2 Bedrooms	20%	10%	\$279
1 2 Bedrooms	30%	10%	\$279
7 2 Bedrooms	30%	30%	\$837
8 2 Bedrooms	50%	50%	\$1,395
11 2 Bedrooms	60%	60%	\$1,674
3 3 Bedrooms	30%	30%	\$966
8 3 Bedrooms	50%	50%	\$1,611
8 3 Bedrooms	60%	60%	\$1,933
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$18,846
Construction Costs	\$38,342,110
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,917,106
Soft Cost Contingency	\$750,000
Relocation	\$0
Architectural/Engineering	\$1,587,538
Const. Interest, Perm. Financing	\$4,658,865
Legal Fees	\$20,000
Reserves	\$1,025,412
Other Costs	\$2,567,591
Developer Fee	\$6,482,145
Commercial Costs	\$0
<b>Total</b>	<b>\$57,369,613</b>

**Residential**

Construction Cost Per Square Foot:	\$451
Per Unit Cost:	\$819,566
True Cash Per Unit Cost*:	\$797,889

**Construction Financing**

Source	Amount
Union Bank - T.E. Bonds	\$31,795,000
Union Bank	\$2,933,184
Alameda County - Measure A1	\$11,153,038
Master Developer Contribution**	\$1,500,000
AHP	\$690,000
Tax Credit Equity	\$2,727,834

**Permanent Financing**

Source	Amount
Union Bank - Tranche A	\$4,011,000
Union Bank - Tranche B	\$4,104,000
Alameda County - Measure A1	\$11,153,038
Master Developer Contribution**	\$1,500,000
HCD - NPLH	\$4,285,711
AHP	\$690,000
Deferred Developer Fee	\$1,517,378
General Partner Equity	\$2,982,145
Solar Tax Credit Equity	\$183,427
Tax Credit Equity	\$26,942,914
<b>TOTAL</b>	<b>\$57,369,613</b>

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

\*\*Alameda Point Partners, LLC

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$54,406,322
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$70,728,219
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$2,291,594
Total State Credit:	\$5,800,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,482,145
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.97325
State Tax Credit Factor:	\$0.80000

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:	\$54,406,322
Actual Eligible Basis:	\$54,406,322
Unadjusted Threshold Basis Limit:	\$30,803,948
Total Adjusted Threshold Basis Limit:	\$81,237,987

**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
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 23%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 98%

**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 3.24% 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:** None.

**Resyndication and Resyndication Transfer Event:** None.

**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.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

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.