

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
January 15, 2020**

Hayward Mission Family Apartments, located at 29497-29553 Mission Boulevard in Hayward, requested and is being recommended for a reservation of \$2,329,598 in annual federal tax credits and \$9,900,000 in total state tax credits to finance the new construction of 139 units of housing serving large families with rents affordable to households earning 30-70% of area median income (AMI). The project will be developed by Meta Housing Corporation and will be located in Senate District 10 and Assembly District

The project financing includes state funding from the MIP through CalHFA.

Project Number CA-20-423

Project Name Hayward Mission Family Apartments
Site Address: 29497-29553 Mission Boulevard
Hayward, CA 94544 County: Alameda
Census Tract: 4351.04

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,329,598	\$9,900,000
Recommended:	\$2,329,598	\$9,900,000

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Hayward Mission Meta, L.P.
Contact: Aaron Mandel
Address: 11150 West Olympic Blvd, Suite 620
Los Angeles, CA 90064
Phone: (310) 575-3543
Email: amandel@metahousing.com

General Partner(s) or Principal Owner(s): Hayward Mission Meta, LLC
FFAH V Hayward Mission, LLC

General Partner Type: Joint Venture

Parent Company(ies): Meta Housing Corporation
Foundation for Affordable Housing V

Developer: Meta Housing Corporation

Investor/Consultant: Boston Financial Investment Management

Management Agent: WSH Management, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 140
 No. / % of Low Income Units: 139 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt

Bond Information

Issuer: California Housing Finance Agency
 Expected Date of Issuance: July 1, 2020

Information

Housing Type: Large Family
 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>
30% AMI: 26	19%
60% AMI: 35	25%
70% AMI: 78	56%

Unit Mix

43 1-Bedroom Units
55 2-Bedroom Units
42 3-Bedroom Units
<u>140 Total Units</u>

<u>Unit Type & 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>
14 1 Bedroom	30%	30%	\$697
7 2 Bedrooms	30%	30%	\$837
5 3 Bedrooms	30%	30%	\$967
13 1 Bedroom	60%	60%	\$1,394
11 2 Bedrooms	60%	60%	\$1,674
11 3 Bedrooms	60%	60%	\$1,933
16 1 Bedroom	70%	70%	\$1,627
36 2 Bedrooms	70%	70%	\$1,953
26 3 Bedrooms	70%	70%	\$2,255
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$2,790

Project Cost Summary at Application

Land and Acquisition	\$5,876,802
Construction Costs	\$36,661,900
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,863,076
Soft Cost Contingency	\$438,750
Relocation	\$0
Architectural/Engineering	\$2,255,565
Const. Interest, Perm. Financing	\$4,598,529
Legal Fees	\$313,950
Reserves	\$580,163
Other Costs	\$4,346,663
Developer Fee	\$6,433,216
Commercial Costs	\$1,970,990
Total	\$65,339,604

Residential

Construction Cost Per Square Foot:	\$230
Per Unit Cost:	\$452,633
True Cash Per Unit Cost*:	\$421,623

Construction Financing

<u>Source</u>	<u>Amount</u>
Chase - Tax Exempt Loan	\$37,200,000
Chase - Taxable Loan	\$15,800,000
Deferred Developer Fee	\$6,428,368
Tax Credit Equity	\$5,911,236

Permanent Financing

<u>Source</u>	<u>Amount</u>
CCRC - Tax-exempt Loan	\$14,192,023
CCRC - Taxable Loan	\$12,250,000
CalHFA Mixed Income Program	\$5,000,000
Deferred Developer Fee	\$4,341,401
Tax Credit Equity	\$29,556,180
TOTAL	\$65,339,604

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$55,308,592
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$71,901,170
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$2,329,598
Total State Credit:	\$9,900,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,433,216
Investor/Consultant:	Boston Financial Investment Management
Federal Tax Credit Factor:	\$0.95000
State Tax Credit Factor:	\$0.75000

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:	\$55,308,592
Actual Eligible Basis:	\$55,308,592
Unadjusted Threshold Basis Limit:	\$60,997,534
Total Adjusted Threshold Basis Limit:	\$89,056,399

Adjustments to Basis Limit

95% of Upper Floor Units are Elevator-Serviced
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 36%

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 are below the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. As allowed by TCAC Regulation Section 10327(g)(1), TCAC approves the annual per unit operating expense total of \$5,793 in agreement with the permanent lender and equity investor. 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

The project received a waiver from TCAC of the TCAC minimum operating expenses of \$6,400 per unit per year to have the operating expenses up to 15% below the TCAC minimum under regulation section 10327(g)(1) at \$5,793 per unit per year as approved by the investor and the permanent conventional lender.

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.