CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 14, 2020

The Hilarita, located at 100 Ned's Way in Tiburon, requested and is being recommended for a reservation of $2,287,886 in annual federal tax credits to finance the acquisition and rehabilitation of 91 units of housing serving tenants with rents affordable to households earning 50%-80% of area median income (AMI). The project will be developed by EAH Inc. and is located in Senate District 2 and Assembly District 10.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number	CA-20-502	
Project Name	The Hilarita	
Site Address:	100 Ned's Way	
	Tiburon, CA 94920	County: Marin
Census Tract:	1242.00	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,287,886	$0
Recommended:	$2,287,886	$0

Applicant Information

Applicant:	Hilarita Belvedere 2R, L.P.
Contact:	Welton Jordan
Address:	22 Pelican Way San Rafael, CA 94901
Phone:	(415) 295-8876
Email:	welton.jordan@eahhousing.org

General Partner(s) or Principal Owner(s):	Hilarita Belvedere EAH 2R, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	EAH, Inc.
Developer:	EAH, Inc.
Investor/Consultant:	California Housing Partnership Corporation
Management Agent:	EAH, Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	11
Total # of Units:	102
No. / % of Low Income Units:	91 91.00%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (91 Units - 91%)

Bond Information

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

Information

Housing Type:	Non-Targeted
Geographic Area:	Northern Region
TCAC Project Analyst:	Carmen Doonan

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
50% AMI:	51	56%
60% AMI:	31	34%
80% AMI:	9	10%

Unit Mix

28	1-Bedroom Units
34	2-Bedroom Units
28	3-Bedroom Units
12	4-Bedroom Units
102	Total Units

	Unit Type & Number	2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
19	1 Bedroom	50%	50%	$1,511
18	2 Bedrooms	50%	50%	$1,813
8	3 Bedrooms	50%	50%	$2,095
6	4 Bedrooms	50%	50%	$2,337
7	1 Bedroom	60%	60%	$1,813
11	2 Bedrooms	60%	60%	$2,176
11	3 Bedrooms	60%	60%	$2,514
2	4 Bedrooms	60%	60%	$2,804
1	1 Bedroom	80%	50%	$1,511
2	2 Bedrooms	80%	50%	$1,813
4	3 Bedrooms	80%	50%	$2,095
2	4 Bedrooms	80%	50%	$2,337
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0
1	1 Bedroom	Market Rate Unit	Market Rate Unit	$1,125
2	2 Bedrooms	Market Rate Unit	Market Rate Unit	$1,408
4	3 Bedrooms	Market Rate Unit	Market Rate Unit	$2,350
2	4 Bedrooms	Market Rate Unit	Market Rate Unit	$2,483

Project Cost Summary at Application	
Land and Acquisition	$27,902,251
Construction Costs	$0
Rehabilitation Costs	$21,705,416
Construction Hard Cost Contingency	$3,291,094
Soft Cost Contingency	$509,634
Relocation	$3,200,000
Architectural/Engineering	$1,596,300
Const. Interest, Perm. Financing	$3,833,111
Legal Fees	$127,500
Reserves	$1,069,960
Other Costs	$3,271,063
Developer Fee	$8,047,661
Commercial Costs	$0
Total	**$74,553,990**

Residential

Construction Cost Per Square Foot:	$239
Per Unit Cost:	$730,921
True Cash Per Unit Cost*:	$457,407

Construction Financing

Source	Amount
Union Bank - Tax Exempt	$37,706,000
Union Bank - Taxable	$1,494,519
Seller Carryback	$22,350,766
Accrued Deferred Interest	$1,207,089
Acquired Project Reserves	$1,110,404
Costs Deferred Until Conversion	$2,899,125
Deferred Developer Fee	$5,547,661
Tax Credit Equity	$2,238,426

Permanent Financing

Source	Amount
Union Bank - Tranche A	$11,510,000
Union Bank - Tranche B	$24,543,000
Seller Carryback	$6,544,057
Accrued Deferred Interest	$1,207,089
Acquired Project Reserves	$1,110,404
Income from Operations	$852,675
Deferred Developer Fee	$5,547,661
Tax Credit Equity	$23,239,104
TOTAL	**$74,553,990**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$37,060,688
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$30,599,279
Applicable Fraction:	91.00%
Qualified Basis (Rehabilitation):	$43,842,794
Qualified Basis (Acquisition):	$27,845,344
Applicable Rate:	3.24%
Maximum Annual Federal Credit, Rehabilitation:	$1,385,697
Maximum Annual Federal Credit, Acquisition:	$902,189
Total Maximum Annual Federal Credit:	$2,287,886
Approved Developer Fee (in Project Cost & Eligible Basis):	$8,047,661
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$1.01575

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:	$67,659,967
Actual Eligible Basis:	$67,659,967
Unadjusted Threshold Basis Limit:	$44,946,912
Total Adjusted Threshold Basis Limit:	$69,972,278

Adjustments to Basis Limit

Environmental Mitigation

Local Development Impact Fees

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 51%

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 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.