

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2020 Second Round

October 14, 2020

Irvington Senior Apartments, located at 4038 Irvington Avenue in Fremont, California, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$11,658,432 in total state tax credits to finance the new construction of 90 units of housing serving seniors and special needs tenants with rents affordable to households earning 20-50% of area median income (AMI). The project will be developed by Allied Housing, Inc. and will be located in Senate District 10 and Assembly District 25.

The project financing includes state funding from the No Place Like Home program of HCD.

Project Number CA-20-100

Project Name Irvington Senior Apartments
Site Address: 4038 Irvington Avenue
Fremont, CA 94538 County: Alameda
Census Tract: 4423.010

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,500,000	\$11,658,432
Recommended:	\$2,500,000	\$11,658,432

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

Applicant Information

Applicant: Allied Housing, Inc.
Contact: Louis Chicoine
Address: 40849 Fremont Blvd.
Fremont, CA 94538
Phone: 510-657-7409
Email: lchicoine@abodeservices.org

General Partner(s) / Principal Owner(s):	Allied 4038 Irvington, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Allied Housing, Inc.
Developer:	Allied Housing, Inc.
Investor/Consultant:	Community Economics
Management Agent(s):	John Stewart Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 90
No. & % of Tax Credit Units: 89 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: N/A

Information

Set-Aside: Nonprofit (homeless assistance)
 Housing Type: Special Needs
 Type of Special Needs: Homeless Seniors
 Average Targeted Affordability of Special Needs/SRO Project Units: 35.73%
 % of Special Need Units: 45 units 51%
 Geographic Area: East Bay Region
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting Units	Number of Units	Percentage of Affordable Units
At or Below 20% AMI:	18	20%
At or Below 30% AMI:	27	30%
At or Below 40% AMI:	19	20%
At or Below 50% AMI:	25	25%

Unit Mix

81 1-Bedroom Units
9 2-Bedroom Units
90 Total Units

Unit Type & Number	2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
17 1 Bedroom	20%	20%	\$489
24 1 Bedroom	30%	20%	\$489
1 1 Bedroom	30%	30%	\$734
17 1 Bedroom	40%	40%	\$979
22 1 Bedroom	50%	50%	\$1,223
1 2 Bedrooms	20%	20%	\$587
2 2 Bedrooms	30%	20%	\$587
2 2 Bedrooms	40%	40%	\$1,175
3 2 Bedrooms	50%	50%	\$1,468
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,320,672
Construction Costs	\$39,867,067
Rehabilitation Costs	\$0
Construction Contingency	\$2,289,308
Relocation	\$0
Architectural/Engineering	\$2,013,495
Const. Interest, Perm. Financing	\$3,160,210
Legal Fees	\$94,260
Reserves	\$2,511,160
Other Costs	\$5,006,519
Developer Fee	\$2,074,630
Commercial Costs	\$417,786
Total	\$62,755,106

Residential

Construction Cost Per Square Foot:	\$606
Per Unit Cost:	\$691,941
True Cash Per Unit Cost*:	\$691,941

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
J.P. Morgan Chase	\$34,355,641	HCD - No Place Like Home	\$10,592,360
Alameda County A-1	\$12,200,000	Alameda County A-1	\$12,200,000
City of Fremont	\$9,000,000	City of Fremont	\$9,000,000
General Partner Equity	\$1,000	General Partner Equity	\$1,000
Tax Credit Equity	\$3,107,675	Tax Credit Equity	\$30,961,746
		TOTAL	\$62,755,106

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$47,494,494
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$61,742,842
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$11,658,432
Approved Developer Fee in Project Cost:	\$2,074,630
Approved Developer Fee in Eligible Basis:	\$2,011,962
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	\$0.86540
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:	\$47,494,494
Actual Eligible Basis:	\$52,907,581
Unadjusted Threshold Basis Limit:	\$32,591,772
Total Adjusted Threshold Basis Limit:	\$47,494,494

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

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First: **Special Needs**
Final: **73.733%**

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, or, in the case of acquisition credit or credit combined with federal subsidies, 3.24%. 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

Staff noted a per unit development cost of \$697,279, which can be attributed to high real estate costs, four-story construction, a requirement to pay prevailing wages, high development impact fees, and funded reserve accounts.

The project will serve 50% special needs tenants consisting of seniors who are homeless, or at-risk of being homeless with an emphasis on low-income, or extremely low-income seniors. The balance of the units will be targeted toward low-income seniors. The project has a rental subsidy from HCD NPLH COSR for 44 units.

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, City of Fremont, 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.

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 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.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ½ mile of public elementary, middle school that project children may attend	3	3	3
Special Needs project within ½ mile of facility serving tenant population	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
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
SPECIAL NEEDS HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
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
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: GreenPoint Rated Program	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Enhanced Accessibility and Visitability	2	2	2
Total Points	113	113	113

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.