

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
2020 Wait List Project
November 11, 2020**

Granite Ridge Apartments, located at 37350 Sequoia Road in Fremont, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits to finance the new construction of 72 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 10 and Assembly District 20.

Project Number CA-20-083

Project Name Granite Ridge Apartments
Site Address: 37350 Sequoia Road
Fremont, CA 94536 County: Alameda
Census Tract: 4417.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$0

Applicant Information

Applicant: Granite Ridge Investors, L.P.
Contact: Andre H. Madeira
Address: 22645 Grand Street
Hayward, CA 94541
Phone: 510.247.8118
Email: AMadeira@edenhousing.org

General Partner(s) / Principal Owner(s): Eden Sequoia, LLC
FTF Paseo Padre, LLC

General Partner Type: Joint Venture

Parent Company(ies): Eden Housing, Inc.
For the Future Housing, Inc.

Developer: Eden Housing, Inc.

Investor/Consultant: Community Economics

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

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 73
No. & % of Tax Credit Units: 72 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: None

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: East Bay Region
TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 20% AMI: 15	20%
At or Below 40% AMI: 15	20%
At or Below 50% AMI: 21	25%
At or Below 60% AMI: 21	25%

Unit Mix

32 1-Bedroom Units
22 2-Bedroom Units
19 3-Bedroom Units
73 Total Units

Unit Type & Number	2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
5 1 Bedroom	20%	20%	\$489
5 1 Bedroom	40%	40%	\$979
11 1 Bedroom	50%	50%	\$1,223
11 1 Bedroom	60%	60%	\$1,468
5 2 Bedrooms	20%	20%	\$587
5 2 Bedrooms	40%	40%	\$1,175
6 2 Bedrooms	50%	50%	\$1,468
5 2 Bedrooms	60%	60%	\$1,762
5 3 Bedrooms	20%	20%	\$678
5 3 Bedrooms	40%	40%	\$1,357
4 3 Bedrooms	50%	50%	\$1,696
5 3 Bedrooms	60%	60%	\$2,036
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$7,622,682
Construction Costs	\$27,552,627
Rehabilitation Costs	\$0
Construction Contingency	\$1,775,328
Relocation	\$0
Architectural/Engineering	\$867,150
Const. Interest, Perm. Financing	\$1,865,619
Legal Fees	\$150,000
Reserves	\$509,839
Other Costs	\$3,862,496
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$46,405,741

Residential

Construction Cost Per Square Foot:	\$292
Per Unit Cost:	\$635,695
True Cash Per Unit Cost*:	\$624,756

Construction Financing

Source	Amount
Union Bank Construction Loan	\$25,100,902
City of Fremont	\$7,500,000
Alameda County A1- Regional Allocation	\$5,078,933
Alameda County A1- Base City Allocation	\$4,621,067
Tax Credit Equity	\$2,325,000

Permanent Financing

Source	Amount
Union Bank Permanent Loan	\$5,307,100
City of Fremont	\$7,500,000
Alameda County A1- Regional Allocation	\$5,078,933
Alameda County A1 - Base City Allocation	\$4,621,067
Deferred Developer Fee	\$798,541
GP Equity	\$100
Tax Credit Equity	\$23,100,000
TOTAL	\$46,405,741

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,367,521
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,777
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$2,500,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Federal Tax Credit Factor:	\$0.92400

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:	\$21,367,521
Actual Eligible Basis:	\$37,341,563
Unadjusted Threshold Basis Limit:	\$31,178,944
Total Adjusted Threshold Basis Limit:	\$43,601,015

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

- Project subject to a project labor agreement or Project will use skilled and trained workforce performing within an apprenticeable occupation.

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Large Family
Final:	69.312%

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: None.

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

Local Reviewing Agency

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

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

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 (van or dial-a-ride service for rural set-aside)	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3
Within 1½ miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
INSERT APPLICABLE PUBLIC SCHOOL LANGUAGE	3	3	3
Within ½ mile of a pharmacy	2	2	2
Highest or High Resources Area	8	8	8
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. 60 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	52	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.