

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 5, 2008

Project Number CA-2008-936

Project Name Estabrook Senior Housing
Address: 2103 East 14th Street
San Leandro, CA 94541

County: Alameda

Applicant Information

Applicant: Eden Housing, Inc.
Contact: Blake Peters
Address: 22645 Grand Street
Hayward, CA 94541
Phone: (510) 582-1460
Email:
Sponsors Type: Nonprofit

Fax: (510) 582-0122

Information

Housing Type: Seniors

Bond Information

Issuer: Alameda County HCD
Expected Date of Issuance: December 2008
Credit Enhancement: N/A

Eligible Basis

Actual: \$16,090,323
Requested: \$16,090,323
Maximum Permitted: \$29,044,349

Extra Feature Adjustments:

Required to Pay Prevailing Wages: 20%

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced: 10%

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted
Between 50% AMI & 36% AMI: 100%

Tax Credit Amounts

Federal/Annual

State/Total

Requested:	\$732,110	\$0
Recommended:	\$732,110	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt/HUD 202/HOME
HCD MHP Funding: No
Total # of Units: 51
Total # Residential Buildings: 1

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 50 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or Below 50% of Area Median Income: 50

<u>Unit Type & Number</u>	<u>2008 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
50 One-Bedroom	50%	\$331
1 Two-Bedroom	Manager's Unit	\$0

The general partner or principal owner is Eden Development, Inc.

The project developer is Eden Housing, Inc.

The management services will be provided by EHMI, Inc.

The market analysis was provided by M.E. Shay & Co.

The Local Reviewing Agency, the City of San Leandro, has completed a site review of this project and strongly supports this project.

Project Financing

Estimated Total Project Cost: \$19,560,434 Per Unit Cost: \$383,538 Construction Cost Per Sq. Foot: \$357

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Silicon Valley Bank – Tax Exempt Bonds	\$11,758,405	Capitol Advance HUD 202	\$7,310,100
City of San Leandro RDA	\$4,000,000	City of San Leandro RDA	\$4,000,000
Alameda County - HOME	\$630,000	Alameda County - HOME	\$630,000
AHP	\$255,000	AHP	\$255,000
Investor Equity	\$230,000	Deferred Interest	\$103,018
		G.P. Equity	\$485,485
		Investor Equity	\$6,776,831
		TOTAL	\$19,560,434

Determination of Credit Amount(s)

Requested Eligible Basis:	\$16,090,323
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$20,917,420
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$732,110
Approved Developer Fee:	\$2,098,738
Tax Credit Factor: Community Economics	\$0.9256

Applicant requests and staff recommends annual federal credits of \$732,110 based on a qualified basis of \$20,917,420 and a funding shortfall of \$6,776,831.

Cost Analysis and Line Item Review

The requested eligible basis \$16,090,323 is below TCAC's adjusted threshold basis limit \$29,044,349. The basis limit includes the adjustment for extraordinary features for: being required to pay state or federal prevailing wages; local development impact fees; having 95% of upper floor units elevator-serviced; 55-year use/affordability restriction where each 1% of low-income units are income targeted between 50% AMI & 36% AMI. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitation.

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 3.50% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

Special Issues/Other Significant Information: None

Recommendation: Staff recommends that the Committee make a reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal/Annual	State/Total
\$732,110	\$0

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.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

TCAC makes the 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 will be permitted without the express approval of TCAC.

The applicant must pay TCAC an 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 anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

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 credits 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.

Additional Conditions: The applicant/owner is required to provide the tenants with educational classes and contracts for services for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC.

Project Number: CA-2008-936
November 5, 2008

Project Analyst: Velia Martinez