CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 27, 2010

Project Number CA-2010-831

Project Name Eden Lodge
Site Address: 400 Springlake Drive
San Leandro, CA 94578 County: Alameda
Census Tract: 4332.000

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$556,569	$0
Recommended:	$556,569	$0

Applicant Information
Applicant: Eden Housing
Contact: Terese McNamee
Address: 22645 Grant Street
Hayward, CA 94541
Phone: 510.427.8171 Fax: 510.582.6523
Email: tmcnamee@edenhousing.org

General partner(s) or principal owner(s): Eden Lodge LLC
General Partner Type: Nonprofit
Developer: Eden Housing, Inc.
Investor/Consultant: Community Economics
Management Agent: Eden Housing Management, Inc.

Project Information
Construction Type: Acquisition & Rehabilitatio
Total # Residential Buildings: 1
Total # of Units: 143
No. & % of Tax Credit Units: 141 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax Exempt/Section 8 (143 units - 100%)
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 43
Number of Units @ or below 60% of area median income: 98

Information
Housing Type: Senior
Geographic Area: North and East Bay Region
TCAC Project Analyst: Nicola Hil

Bond Information

Issuer:	Alameda County
Expected Date of Issuance:	12/1/2010
Credit Enhancement:	None

Unit Mix

141	1-Bedroom Units
2	2-Bedroom Units
143	Total Units

Unit Type & Number		2010 Rents Targeted % of Area Median Income	2010 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
43	1 Bedroom	50%	50%	$847
98	1 Bedroom	60%	60%	$1,017
2	2 Bedrooms	Manager's Unit	Manager's Unit	$0

Project Financing

Estimated Total Project Cost:	$20,285,561	Construction Cost Per Square Foot:	$35
		Per Unit Cost:	$141,857

Construction Financing

Source	Amount
CalHFA - Prudential	$10,000,000
Seller Take-Back Note	$10,438,146
Tax Credit Equity	$656,102

Permanent Financing

Source	Amount
CalHFA - Prudential	$10,000,000
Operating Income	$107,025
Seller Take-Back Note	$5,622,555
GP Equity	$466
Tax Credit Equity	$4,555,515
TOTAL	**$20,285,561**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$6,314,996
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	$10,055,509
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$6,314,996
Qualified Basis (Acquisition):	$10,055,509
Applicable Rate:	3.40%
Maximum Annual Federal Credit, Rehabilitation:	$214,682
Maximum Annual Federal Credit, Acquisition:	$341,887
Total Maximum Annual Federal Credit:	$556,569
Approved Developer Fee (in Project Cost & Eligible Basis):	$924,343
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	$0.81850

Per Regulation Section 10322(i)(4)(A), 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, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	$16,370,505
Actual Eligible Basis:	$16,370,505
Unadjusted Threshold Basis Limit:	$37,473,841
Total Adjusted Threshold Basis Limit:	$48,715,993

Adjustments to Basis Limit:

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 30%

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 3.40% 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

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.

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

Federal Tax Credits/Annual	State Tax Credits/Total
$556,569	**$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 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 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 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.

Additional Conditions: The applicant/owner is required to provide the tenants with contract for services free of charge 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.

The applicant/owner is required to complete the following Sustainable Building Methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the placed-in-service application is submitted: Flow restrictors on kitchen faucets.