CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
March 13, 2013
REVISED

Project Number	CA-13-816

Project Name	Eldridge Gonaway Commons		
Site Address:	275 East 12th Street		
	Oakland, CA 94606	County:	Alameda
Census Tract:	4060.000		

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$652,921	$0
Recommended:	$652,921	$0

Applicant Information

Applicant:	Eldridge L.P.		
Contact:	Daniel Sawislak		
Address:	2220 Oxford Street		
	Berkeley, CA 94704		
Phone:	510-841-4410	Fax:	510-548-3502
Email:	dsawislak@rcdev.org		

General partner(s) or principal owner(s):	RCD Housing LLC
General Partner Type:	For Profit
Developer:	Resources for Community Development
Investor/Consultant:	Community Economics
Management Agent:	The John Stewart Company

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	6
Total # of Units:	40
No. & % of Tax Credit Units:	38 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Contract (38 Units / 100%)
HCD MHP Funding:	No
55-Year Use/Affordability:	Yes

Number of Units @ or below 50% of area median income: 38

Bond Information

Issuer:	California Municipal Finance Authority
Expected Date of Issuance:	April 30, 2013
Credit Enhancement:	N/A

Information

Housing Type:	Non-Targeted
Geographic Area:	North & East Bay Region
TCAC Project Analyst:	Connie Osorio

Unit Mix

10	1-Bedroom Units
14	2-Bedroom Units
14	3-Bedroom Units
2	4-Bedroom Units
40	Total Units

Unit Type & Number		2013 Rents Targeted % of Area Median Income	2013 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
10	1 Bedroom	50%	50%	$836
13	2 Bedrooms	50%	50%	$1,003
13	3 Bedrooms	50%	50%	$1,160
2	4 Bedrooms	50%	50%	$1,293
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$948
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Financing

Estimated Total Project Cost:	$18,883,115
Estimated Residential Project Cost:	$18,883,115

Residential

Construction Cost Per Square Foot:	$147
Per Unit Cost:	$472,078

Construction Financing

Source	Amount
Citi Community Capital	$10,066,751
City of Oakland Loan 1	$1,022,830
City of Oakland Loan 2	$1,655,000
Seller take back financing	$2,753,686
Seller Cash Loan	$422,867
Deferred Developer Fee	$2,961,980

Permanent Financing

Source	Amount
Citi Community Capital	$902,000
Citi Community Capital	$4,560,000
City of Oakland Loan 1	$1,022,830
City of Oakland Loan 2	$1,655,000
Seller take back financing	$2,753,686
Seller Cash Loan	$422,867
Deferred Developer Fee	$786,393
GP Capital	$689
Tax Credit Equity	$6,779,650
TOTAL	**$18,883,115**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$11,853,386
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$4,994,376
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$15,409,402
Applicable Rate:	3.20%
Qualified Basis (Acquisition):	$4,994,376
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	$493,101
Maximum Annual Federal Credit, Acquisition:	$159,820
Total Maximum Annual Federal Credit:	$652,921
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,197,595
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	$1.03836

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:	$16,847,762
Actual Eligible Basis:	$16,847,762
Unadjusted Threshold Basis Limit:	$12,677,456
Total Adjusted Threshold Basis Limit:	$25,354,912

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: 100%

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 3.20% 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.

Special Issues/Other Significant Information:

Staff noted a per unit development cost of $472,078, which is relatively higher than the average in the geographic area. The applicant noted that the high per unit cost is attributed to the extensive waterproofing, seismic repairs, entry gate replacemnt, and walkway repairs across multiple buildings and high cost for relocation.

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
$652,921	**$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 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.

Additional Conditions:
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 TCAC placed-in-service application is submitted:

- The project is a new construction or adaptive reuse project that exceeds Title 24 Energy Standards by at least 10%, or is a rehabilitation project not subject to Title 24, that reduces energy use on a per square foot basis by 10% as calculated using a methodology approved by the California Energy