

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2015 First Round
June 10, 2015

Project Number CA-15-824

Project Name Downtown Hayward Senior Apartments
Site Address: 808 A Street
Hayward, CA 94541 County: Alameda
Census Tract: 4354.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$810,487	\$3,192,826
Recommended:	\$810,487	\$2,456,020

Applicant Information

Applicant: Downtown Hayward Sr. Apts., LP
Contact: Aaron Mandel
Address: 1640 S. Sepulveda Blvd, Suite 425
Los Angeles, CA 90025
Phone: (310) 575-3543 Fax: (310) 575-3563
Email: amandel@metahousing.com

General Partner(s) / Principal Owner(s): Downtown Hayward Sr. Apts, LLC
CHBA Affordable III, LLC

General Partner Type: Joint Venture

Parent Company(ies): Meta Housing Corporation
CHBA Affordable III, LLC

Developer: Meta Housing Corporation

Investor/Consultant: Hamilton Investments, LLC

Management Agent: Cambridge Real Estate Services

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 60
 No. & % of Tax Credit Units: 59 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt
 HCD MHP Funding: Yes
 Average Targeted Affordability of Special Needs Project Units: 34.03%
 Affordability Breakdown by Units and % (Lowest Income Points):
 30% AMI: 6 10 %
 35% AMI: 25 40 %
 50% AMI: 9 15 %
 Affordability Breakdown by % (Basis Limit Increase):
 Number of Units @ or below 35% of area median income: 31
 Number of Units @ or below 50% of area median income: 9
 Number of Units @ or below 60% of area median income: 19

Bond Information

Issuer: California Housing Finance Agency
 Expected Date of Issuance: September 1, 2015
 Credit Enhancement: No

Information

Housing Type: Special Needs / Seniors
 Type of Special Needs: Chronically Ill Tenants
 % of Special Need Units: 52.5%
 Geographic Area: North and East Bay Region
 TCAC Project Analyst: Mayra Lozano

Unit Mix

50 1-Bedroom Units
 10 2-Bedroom Units

 60 Total Units

Unit Type & Number	2014 Rents Targeted % of Area Median Income	2014 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
5 1 Bedroom	30%	30%	\$517
25 1 Bedroom	35%	30%	\$517
9 1 Bedroom	50%	50%	\$862
11 1 Bedroom	60%	60%	\$1,034
1 2 Bedrooms	30%	30%	\$621
8 2 Bedrooms	60%	60%	\$1,242
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$1,291

Project Cost Summary at Application

Land and Acquisition	\$2,293,106
Construction Costs	\$11,739,912
Rehabilitation Costs	\$0
Construction Contingency	\$602,607
Relocation	\$0
Architectural/Engineering	\$1,133,875
Construction Interest, Perm Financing	\$1,191,202
Legal Fees, Appraisals	\$162,602
Reserves	\$109,772
Other Costs	\$2,341,503
Developer Fee	\$2,175,763
Commercial Costs	\$1,241,798
Total	\$22,992,140

Project Financing

Estimated Total Project Cost:	\$22,992,140
Estimated Residential Project Cost:	\$21,574,579
Estimated Commercial Project Cost	\$1,417,561

Residential

Construction Cost Per Square Foot:	\$189
Per Unit Cost:	\$359,576

Construction Financing

Source	Amount
Citibank	\$17,500,000
HCD - IIG	\$2,000,000
Deferred Costs	\$1,391,752
Tax Credit Equity	\$2,100,388

Permanent Financing

Source	Amount
Citibank	\$1,289,139
AHP	\$590,000
HCD - MHP	\$4,243,876
HCD - IIG	\$2,000,000
HCD - TOD	\$3,400,000
Deferred Developer Fee	\$1,482,949
Tax Credit Equity	\$9,986,176
TOTAL	\$22,992,140

Determination of Credit Amount(s)

Requested Eligible Basis:	\$18,892,460
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$24,560,198
Applicable Rate:	3.30%
Total Maximum Annual Federal Credit:	\$810,487
Total State Credit:	\$2,456,020
Approved Developer Fee in Project Cost:	\$2,175,763
Approved Developer Fee in Eligible Basis:	\$2,000,000
Investor/Consultant:	Hamilton Investments, LLC
Federal Tax Credit Factor:	\$1.02000
State Tax Credit Factor:	\$0.70000

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:	\$18,892,460
Actual Eligible Basis:	\$18,892,460
Unadjusted Threshold Basis Limit:	\$15,229,200
Total Adjusted Threshold Basis Limit:	\$39,434,391

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 15%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 104%

Tie-Breaker Information

Final: **48.522%**

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 3.30% 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:

The calculation of the maximum state credits was overstated due to a formula error in one of the protected cells of the TCAC electronic application. TCAC staff reduced the state credit amount to the correct maximum and adjusted the deferred developer fee accordingly.

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 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
\$810,487

State Tax Credits/Total
\$2,456,020

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.

The applicant must submit all documentation required for any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation.

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 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.

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 ten 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)(6) 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.

Additional Conditions: None

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 ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	2	2	2
Within ¼ mile of public library	3	3	3
Within ¼ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Senior project within ½ mile of daily operated senior center/facility	2	2	2
Within ¼ 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 1,000 bedrooms	3	3	3
Adult ed/health & wellness/skill bldg classes, minimum 84 hrs/yr	7	7	3
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Health/behavioral services provided by licensed org. or individual	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: Green Point Rated	5	5	5
Develop project to requirements of: Green Point Rated 125	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
Total Points	126	126	126

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.