

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 8, 2008

Project Number CA-2008-901

Project Name Casa Adobe Senior Apartments
Site Address: 1924 Church Lane
San Pablo, CA 94806 County: Contra Costa
Census Tract: 3690.01

Applicant Information

Applicant: EAH, Inc.
Contact Felix AuYeung
Address: 2169 E. Francisco Blvd., Suite B
San Rafael, CA 94901
Phone: (415) 295-8854 Fax: (415) 453-3683
Sponsors Type: Nonprofit

Information

Housing Type: Senior

Bond Information

Issuer: Contra Costa County
Date of Issuance: August 2008
Credit Enhancement: None

Eligible Basis

Actual: \$5,172,364
Requested: \$5,172,364
Maximum Permitted: \$24,323,499

Extra Feature Adjustments:

95% of Upper Floor Units are Elevator-Serviced: 10%
55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted Between
50% AMI & 36% AMI: 71%
55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted at 35%
AMI or Below: 18%

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$200,871	\$0
Recommended:	\$200,871	\$0

Project Information

Construction Type: Acquisition and Rehabilitation
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 54
Total # Residential Buildings: 1

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 53 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 30% of area median income: 5
Number of Units @ or below 50% of area median income: 38
Number of Units @ or below 60% of area median income: 10

<u>Unit Type & Number</u>	<u>2008 Rents</u> <u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
5 One-Bedroom	30%	\$484
9 One-Bedroom	40%	\$649
29 One-Bedroom	50%	\$801
10 One-Bedroom	50%	\$801
1 Two-Bedroom	Manager's Unit	\$558

The general partner or principal owner is EAH – San Pablo.

The project developer is EAH, Inc.

The management services will be provided by EAH, Inc.

The market analysis was provided by Goldrush Realty Advisors, Inc.

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.

Project Financing

Estimated Total Project Cost: \$5,779,126 Per Unit Cost: \$107,021 Construction Cost Per Sq. Foot: \$39

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Union Bank of California	\$2,898,411	Union Bank of California	\$2,012,275
City of San Pablo	\$112,204	City of San Pablo	\$112,204
Contra Costa County	\$49,968	Contra Costa County	\$49,968
Seller Take Back Loan	\$1,649,690	Seller Take Back Loan	\$1,649,690
Income from Operations	\$122,072	Income from Operations	\$122,072
GP Capital	\$50,000	Investor Equity	\$1,782,918
Investor Equity	\$117,465	TOTAL	\$5,779,126

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	\$1,889,402
Requested Acquisition Eligible Basis:	\$3,282,963
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	\$2,456,222
Qualified Acquisition Basis:	\$3,282,963
Applicable Rate:	3.50%
Maximum Annual Federal Rehabilitation Credit:	\$85,967
Maximum Annual Federal Acquisition Credit:	\$114,904
Total Maximum Annual Federal Credit:	\$200,871
Approved Developer Fee:	\$674,656
Tax Credit Factor: <i>Community Economics</i>	\$0.88759

Applicant requests and staff recommends annual federal credits of \$200,871, based on a qualified rehabilitation basis of \$2,456,222, a qualified acquisition basis of \$3,282,963, and a funding shortfall of \$1,782,918.

Cost Analysis and Line Item Review

The requested eligible basis \$5,172,364 is below TCAC's adjusted threshold basis limit \$24,323,499. The basis limit includes the adjustment for extraordinary features for projects that include 95% of upper floor units are elevator-serviced, 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted between 50% AMI & 36% AMI, and 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted at 35% AMI & below. 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
\$200,871	\$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: None

Project Analyst: Anthony Zeto