

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

Project Number CA-2008-904

Project Name Los Medanos Village
Site Address: Corner of Crestview Avenue and Frontage Road
Pittsburg, CA 94565 County: Contra Costa
Census Tract: 3132.01

Applicant Information

Applicant: Resources for Community Development
Contact Daniel Sawislak
Address: 2730 Telegraph Avenue
Berkeley, CA 94705
Phone: (510) 841-4410 Fax: (510) 548-3502
Sponsors Type: Nonprofit

Information

Housing Type: Large Family

Bond Information

Issuer: Contra Costa County
Expected Date of Issuance: October 1, 2008
Credit Enhancement: None

Eligible Basis

Actual: \$25,064,862
Requested: \$25,062,142
Maximum Permitted: \$57,884,250

Extra Feature Adjustments:

Required to Pay Prevailing Wages: 20%
3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features: 4%
Distributive Energy Technologies and/or Renewable Energy Sources: Up to 5%
Local Development Impact Fees:
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: 55%
55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted at 35%
AMI or Below: 88%

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,140,327	\$0
Recommended:	\$1,140,327	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt/HOME
HCD MHP Funding: Yes
Total # of Units: 71
Total # Residential Buildings: 7

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 70 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 35% of area median income: 31
Number of Units @ or below 50% of area median income: 39

<u>Unit Type & Number</u>	<u>2008 Rents % of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
5 One-Bedroom	20%	\$323
1 One-Bedroom	30%	\$484
7 One-Bedroom	35%	\$565
1 One-Bedroom	50%	\$807
2 Two-Bedroom	30%	\$581
9 Two-Bedroom	35%	\$678
20 Two-Bedroom	50%	\$968
1 Three-Bedroom	30%	\$671
6 Three-Bedroom	35%	\$783
18 Three-Bedroom	50%	\$1,119
1 Two-Bedroom	Manager's Unit	\$0

The general partner or principal owner is a to-be-formed LLC to consist of one sole and controlling member which will be an affiliate of Resources for Community Development.

The project developer is Resources for Community Development.

The management services will be provided by John Stewart Company.

The market analysis was provided by Bay Area Economics.

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

Project Financing

Estimated Total Project Cost: \$26,434,676 Per Unit Cost: \$372,319 Construction Cost Per Sq. Foot: \$213

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo - Tax-Exempt Bonds	\$15,975,000	Wells Fargo - Tax-Exempt Bonds	\$722,500
Contra Costa County – HOME	\$1,500,000	HCD – MHP	\$5,756,194
City of Pittsburg RDA	\$6,105,848	Contra Costa County – HOME	\$1,500,000
Accrued Interest	\$126,105	City of Pittsburg RDA	\$6,105,848
GP Contribution	\$1,300,000	Accrued Interest	\$126,105
Costs Deferred until Perm Close	\$807,472	GP Contribution	\$1,300,000
LP Contribution	\$458,751	FHLB - AHP	\$315,000
Deferred Developer Fee	\$161,500	Deferred Developer Fee	\$161,500
		Investor Equity	\$10,447,529
		TOTAL	\$26,434,676

Determination of Credit Amount(s)

Requested Eligible Basis:	\$25,062,142
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$32,580,785
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$1,140,327
Approved Developer Fee:	\$2,500,000
Tax Credit Factor: <i>CA Housing Partnership Corp.</i>	\$0.91619

Applicant requests and staff recommends annual federal credits of \$1,140,327, based on a qualified basis of \$32,580,785 and a funding shortfall of \$10,447,529.

Cost Analysis and Line Item Review

The requested eligible basis \$25,062,142 is below TCAC’s adjusted threshold basis limit \$57,884,250. The basis limit includes the adjustment for extraordinary features for projects that are required to pay state or federal prevailing wages, projects that include distributive energy technologies such as micro turbines and/or renewable energy sources such as solar, local development impact fees, 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, 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted at 35% AMI & below, the adjustment for projects with 3 or more energy efficiency/resource conservation/indoor air quality items, for exceeding Title 24 by at least 15%, where at least 75% of the construction and demolition waste (measured by either weight or volume) will be recycled, using CRI Green Label Plus Carpet or no carpet in all bedrooms, and using vent kitchen range hoods to the exterior of the building in at least 80% of the units. 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
\$1,140,327	\$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 (1) high-speed internet service in each unit and (2) educational classes on-site 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 Analyst: Anthony Zeto