

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 5, 2009

Project Number CA-2009-826

Project Name Lillie Mae Jones Plaza
Address: 214 MacDonald Avenue and 249 2nd Street
Richmond, CA 94801 County: Contra Costa

Applicant Information

Applicant: Community Housing Development Corporation of N Richmond/EBALDC
Contact Joanna Griffin
Address: 1535 A Third Street
Richmond, CA 94801
Phone: (510) 412-9290 **Fax:** (510) 215-9276
Email: jgriffin@chdcnr.com
Sponsors Type: Nonprofit

Information

Housing Type: Special Needs

Bond Information

Issuer: City of Richmond
Expected Date of Issuance: October 1, 2009
Credit Enhancement: N/A

Eligible Basis

Actual: \$10,888,416
Requested: \$10,888,416
Maximum Permitted: \$21,991,023

Extra Feature Adjustments:

Required to Pay Prevailing Wages: 20%
3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features: 4%
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted
Between 50% AMI & 36% AMI: 36%
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at
35% AMI or Below: 120%

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$495,332	\$0
Recommended:	\$495,332	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt/HOME
HCD MHP Funding: Yes
Total # of Units: 27
Total # Residential Buildings: 1

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 26 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 35% of area median income: 16
Number of Units @ or below 50% of area median income: 9

<u>Unit Type & Number</u>	<u>2009 Rents % of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
3 One-Bedroom	20%	\$250
2 One-Bedroom	20%	\$334
4 One-Bedroom	20%	\$334
2 Two-Bedroom	20%	\$301
2 Two-Bedroom	30%	\$603
1 Two-Bedroom	40%	\$804
3 Two-Bedroom	40%	\$804
4 Two-Bedroom	45%	\$904
2 Three-Bedroom	30%	\$696
1 Three-Bedroom	40%	\$928
1 Four-Bedroom	30%	\$777
1 Two-Bedroom	Manager's Unit	\$0

The general partners or principal owners are Community Housing Development Corporation of N Richmond/EBALDC.

The project developer is Community Housing Development Corporation of N Richmond/EBALDC.

The management services will be provided by EBALDC.

The market analysis was provided by Laurin Associates.

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: \$12,740,029 Per Unit Cost: \$490,001 Construction Cost Per Sq. Foot: \$248

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo Bank	\$5,992,043	HCD - MHP	\$2,583,332
City of Richmond	\$3,958,074	City of Richmond	\$3,958,074
City of Richmond – Accrued Interest	\$48,192	City of Richmond – Accrued Interest	\$48,192
Richmond RDA	\$166,000	Richmond RDA	\$166,000
City of Richmond – Accrued Interest	\$2,077	City of Richmond – Accrued Interest	\$2,077
Cal Re-Use Funds	\$289,589	FHLB - AHP	\$500,000
Contra Costa County – HOPWA	\$300,000	Contra Costa County - MHSA	\$293,884
		State - MHSA	\$600,000
		Cal Re-Use Funds	\$289,589
		Contra Costa County – HOPWA	\$300,000
		GP Equity	\$36,225
		Investor Equity	\$3,962,656
		TOTAL	\$12,740,029

Determination of Credit Amount(s)

Requested Eligible Basis:	\$10,886,416
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$14,152,341
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$495,332
Approved Developer Fee:	\$546,000
Tax Credit Factor: <i>Community Economics</i>	\$0.80000

Applicant requests and staff recommends annual federal credits of \$495,332 based on a qualified basis of \$14,152,341 and a funding shortfall of \$3,962,655.

Cost Analysis and Line Item Review

The requested eligible basis \$10,886,416 is below TCAC’s adjusted threshold basis limit \$21,991,023. The basis limit includes the adjustment for extraordinary features for projects that are required to pay state or federal prevailing wages, 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, 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
\$495,332	\$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) educational classes and (2) contract for services 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