

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2010 Third Round

December 15, 2010

Project Number CA-2010-849

Project Name Arroyo Vista Family and Senior Communities
Site Address: 6700 Dougherty Road
Dublin, CA 94568 County: Alameda
Census Tract: 4502.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,726,777	\$6,602,383
Recommended:	\$1,726,777	\$6,602,383

Applicant Information

Applicant: Eden Housing, Inc.
Contact: Linda Mandolini
Address: 22645 Grand Avenue
Hayward, CA 94541
Phone: 510-582-1460 Fax: 510-582-6523
Email: lmandolini@edenhousing.org

General partner(s) or principal owner(s): Eden Investments, Inc.
General Partner Type: Nonprofit
Developer: Eden Housing, Inc.
Investor/Consultant: Community Economics, Inc.
Management Agent: Eden Housing Management Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 21
Total # of Units: 180
No. & % of Tax Credit Units: 178 100%
Federal Set-Aside Elected: 40%/60% Test
Federal Subsidy: Tax Exempt / HUD Sec. 8 Project-based Vouchers (81 units / 45%)
Affordability Breakdown by % (Lowest Income Points):
30% AMI: 10 %
40% AMI: 20 %
50% AMI: 40 %

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: April 1, 2011
 Credit Enhancement: Citibank Private Placement

Information

Set-Aside: N/A
 Housing Type: Large Family (130 units / 72%) and Senior (50 units / 28%)
 Geographic Area: North and East Bay Region
 TCAC Project Analyst: Jack Waegell

Project Unit Mix

61 1-Bedroom Units
 67 2-Bedroom Units
 36 3-Bedroom Units
 16 4-Bedroom Units

 180 Total Units

Family Units

12 1-Bedroom Units
 66 2-Bedroom Units
 36 3-Bedroom Units
 16 4-Bedroom Units

 130 Total Family Units

Senior Units

49 1-Bedroom Units
 1 2-Bedroom Unit

 50 Total Senior Units

<u>Unit Type & Number</u>	<u>2010 Rents Targeted % of Area Median Income</u>	<u>2010 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 1 Bedroom	30%	30%	\$508
10 1 Bedroom	40%	40%	\$678
34 1 Bedroom	50%	50%	\$847
2 1 Bedroom	30%	30%	\$508
7 1 Bedroom	50%	50%	\$847
2 1 Bedroom	55%	55%	\$932
1 1 Bedroom	60%	60%	\$1,017
8 2 Bedrooms	30%	30%	\$609
14 2 Bedrooms	40%	40%	\$813
29 2 Bedrooms	50%	50%	\$1,016
13 2 Bedrooms	55%	55%	\$1,117
1 2 Bedrooms	60%	60%	\$1,219
5 3 Bedrooms	30%	30%	\$704
6 3 Bedrooms	40%	40%	\$939
16 3 Bedrooms	50%	50%	\$1,174
8 3 Bedrooms	55%	55%	\$1,291
1 3 Bedrooms	60%	60%	\$1,409
2 4 Bedrooms	30%	30%	\$786
7 4 Bedrooms	40%	40%	\$1,048
6 4 Bedrooms	50%	50%	\$1,310
1 4 Bedrooms	60%	60%	\$1,572
2 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost:	\$66,441,789	Construction Cost Per Square Foot:	\$199
Estimated Commercial Project Cost:	\$814,344	Per Unit Cost:	\$369,121

Construction Financing

Source	Amount
Citibank Private Placement Bonds	\$15,612,000
Citibank Private Placement Bonds	\$18,388,000
Dublin Housing Authority (DHA) Loan	\$11,000,000
City of Dublin Loan	\$7,600,000
Value of Donated Land (DHA)	\$11,070,000
Tax Credit Equity	\$187,350

Permanent Financing

Source	Amount
Citi Fixed Rate Bonds	\$15,612,000
Dublin Housing Authority	\$11,000,000
City of Dublin Loan	\$7,600,000
FHLB AHP (Silicon Valley Bank)	\$1,290,000
Deferred Interest	\$386,260
Value of Donated Land (DHA)	\$11,070,000
Deferred Developer Fee	\$844,492
Tax Credit Equity	\$18,639,037
TOTAL	\$66,441,789

Determination of Credit Amount(s)

Requested Eligible Basis:	\$50,787,570
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$50,787,570
Applicable Rate:	3.40%
Total Maximum Annual Federal Credit:	\$1,726,777
Total State Credit:	\$6,602,382
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.85000
State Tax Credit Factor:	\$0.60000

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: \$50,787,570
Actual Eligible Basis: \$50,787,570
Unadjusted Threshold Basis Limit: \$58,773,777
Total Adjusted Threshold Basis Limit: \$115,196,603

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: 72%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 24%

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 3.40% 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: This project is new construction replacement housing for the old 150-unit Arroyo Vista HUD public housing project. This new tax credit project consists of 129 affordable family units plus 1 manager's unit on 9.77 acres and 49 affordable senior units plus 1 manager's unit on 1.02 acres. The family component will have 32 units (25%) with HUD Section 8 project-based vouchers and the senior component will have 49 units (100%) with HUD Section 8 project-based vouchers through the Dublin Housing Authority. In addition, the family units will have access to an on-site child care facility.

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
\$1,726,777

State Tax Credits/Total
\$6,602,383

Standard Conditions

The applicant must submit all documentation for any 180-day Readiness 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 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 minutes in rush hours	6	6	6
Within ¼ mile of public park or community center open to general public	3	3	3
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Large Family proj. w/i ½ mile of public school project children may attend	2	2	2
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Health/wellness or skill-building classes, minimum instruction of 60 hrs/yr	5	5	5
Licensed child care, available 20 hrs/week or more, M-F	5	5	5
Sustainable Building Methods	8	8	8
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
Formaldehyde-free insulation	1	1	1
Recycled materials incorp. into concrete, carpet, road base, landscape	1	1	1
Project has nonsmoking buildings or contiguous sections w/i a building	1	1	1
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	124	124	124

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.