

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2012 First Round**  
**July 11, 2012**

**Project Number** CA-12-014

**Project Name** UA Homes  
Site Address: 1040 University Avenue  
Berkeley, CA 94710 County: Alameda  
Census Tract: 4232.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$751,055	\$0
Recommended:	\$751,055	\$0

**Applicant Information**

Applicant: UA Homes, L.P.  
Contact: Lisa Motoyama  
Address: 2220 Oxford Street  
Berkeley, CA 94704  
Phone: 510.841.4410 Fax: 510.548.3502  
Email: lmotoyama@rcdev.org

General partner(s) or principal owner(s): 112 Alves Lane, Inc.  
General Partner Type: Nonprofit  
Developer: Resources for Community Development  
Investor/Consultant: California Housing Partnership Corporation  
Management Agent: The John Stewart Company

**Project Information**

Construction Type: Acquisition & Rehabilitation  
Total # Residential Buildings: 1  
Total # of Units: 74  
No. & % of Tax Credit Units: 74 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: HOME / HUD Section 8 (73 unit - 99%)  
Average Targeted Affordability of Special Needs/SRO Project Units: 35.95%  
Affordability Breakdown by Units and % (Lowest Income Points):  
30% AMI: 52 70 %  
50% AMI: 22 25 %

**Information**

Set-Aside: Nonprofit Homeless Assistance  
Housing Type: Single Room Occupancy  
Geographic Area: North and East Bay Region  
TCAC Project Analyst: Gina Ferguson

**Unit Mix**

74 SRO/Studio Units
74 Total Units

<u>Unit Type &amp; Number*</u>	<u>2012 Rents Targeted % of Area Median Income</u>	<u>2012 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
51 SRO/Studio	30%	20%	\$327
22 SRO/Studio	50%	20%	\$327
1 SRO/Studio	30%	15%	\$245

\*Project has 24-hour desk staffing in lieu of onsite manager unit.

**Project Financing**

Estimated Total Project Cost:	\$16,569,984	<b>Residential</b>	
Estimated Residential Project Cost:	\$15,176,640	Construction Cost Per Square Foot:	\$396
Estimated Commercial Project Cost:	\$1,393,344	Per Unit Cost:	\$205,090

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
Union Bank	\$7,659,000	City of Berkeley Housing Trust Fund	\$793,816
City of Berkeley Housing Trust Fund (HOME)	\$793,816	HCD MHP Supportive Housing	\$3,270,890
CalHFA MHSA	\$758,600	CalHFA MHSA	\$758,600
AHP	\$740,000	AHP	\$740,000
Existing City of Berkeley loan	\$1,030,960	Existing City of Berkeley loan	\$1,030,960
Existing HCD CHRP loan	\$2,558,373	Existing HCD CHRP loan	\$2,558,373
Existing Reserves	\$294,822	Existing Reserves	\$294,822
Deferred Costs	\$2,033,411	Deferred Developer Fee	\$92,000
Deferred Developer Fee	\$92,000	Tax Credit Equity	\$7,030,523
Tax Credit Equity	\$609,002	<b>TOTAL</b>	<b>\$16,569,984</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$6,419,273
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$8,345,055
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$751,055
Approved Developer Fee in Project Cost:	\$1,200,000
Approved Developer Fee in Eligible Basis:	\$1,168,248
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.93609

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:	\$6,419,273
Actual Eligible Basis:	\$11,542,300
Unadjusted Threshold Basis Limit:	\$13,876,110
Total Adjusted Threshold Basis Limit:	\$18,038,943

**Adjustments to Basis Limit:**

Required to Pay Prevailing Wages  
95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First:	<b>Single Room Occupancy</b>
Second:	<b>87.872%</b>

**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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.20%. 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:** None

**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, the City of Berkeley, has completed a site review of this project and strongly supports this project.

**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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$751,055</b>	<b>\$0</b>

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation, any Readiness to Proceed Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 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 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

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Public Funds	20	20	20
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
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 ¼ mile of public library	3	3	3
Within ½ mile of a neighborhood market of at least 5,000 sf	3	3	3
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
SPECIAL NEEDS AND SRO HOUSING TYPES			
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
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
REHABILITATION			
Rehabilitate to improve energy efficiency (change in HERS II rating): 25%	7	7	7
Additional rehab measures: Sustainable Building Mgmt Practices	3	3	3
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>148</b>	<b>148</b>	<b>148</b>

**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.**