

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**July 15, 2015**

**Project Number** CA-15-865

**Project Name** Dublin Family Apartments  
 Site Address: 6707 Golden Gate Drive  
 Dublin, CA 94568 County: Alameda  
 Census Tract: 4504.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,289,735	\$0
Recommended:	\$1,289,735	\$0

**Applicant Information**

Applicant: Dublin Family, L.P.  
 Contact: Linda Mandolini  
 Address: 22645 Grand St.  
 Hayward, CA 94541  
 Phone: (510) 582-1460 Fax: (510) 582-6523  
 Email: lmandolini@edenhousing.org

General Partner(s) or Principal Owner(s): Dublin Family LLC  
 General Partner Type: Nonprofit  
 Parent Company(ies): Eden Development, Inc.  
 Developer: Eden Housing, Inc.  
 Investor/Consultant: Community Economics  
 Management Agent: Eden Housing Management, Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 66  
 No. & % of Tax Credit Units: 65 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HOME / HUD Project-based Section 8  
 Vouchers (25 units - 38%)  
 HCD MHP Funding: No  
 55-Year Use/Affordability: Yes  
 Number of Units @ or below 50% of area median income: 26  
 Number of Units @ or below 60% of area median income: 39

**Bond Information**

Issuer: County of Alameda  
 Expected Date of Issuance: October 30, 2015  
 Credit Enhancement: N/A

**Information**

Housing Type: Non-Targeted  
 Geographic Area: North and East Bay Region  
 TCAC Project Analyst: Connie Harina

**Unit Mix**

24 1-Bedroom Units  
 21 2-Bedroom Units  
21 3-Bedroom Units  
 66 Total Units

<u>Unit Type &amp; Number</u>	<u>2015 Rents Targeted % of Area Median Income</u>	<u>2015 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
20 1 Bedroom	50%	30%	\$523
2 1 Bedroom	50%	50%	\$871
2 1 Bedroom	60%	50%	\$871
3 2 Bedrooms	50%	50%	\$1,046
17 2 Bedrooms	60%	50%	\$1,046
1 3 Bedrooms	50%	50%	\$1,208
20 3 Bedrooms	60%	50%	\$1,208
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$2,786,734
Construction Costs	\$18,691,785
Rehabilitation Costs	\$0
Construction Contingency	\$2,582,745
Relocation	\$0
Architectural/Engineering	\$1,386,234
Construction Interest, Perm Financing	\$1,561,255
Legal Fees, Appraisals	\$60,500
Reserves	\$670,810
Other Costs	\$4,290,411
Developer Fee	\$2,500,000
Commercial Costs	\$0
<b>Total</b>	<b>\$34,530,474</b>

**Project Financing**

Estimated Total Project Cost:	\$34,530,474
Estimated Residential Project Cost:	\$34,530,474

**Residential**

Construction Cost Per Square Foot:	\$303
Per Unit Cost:	\$523,189

**Construction Financing**

Source	Amount
Bank of America	\$17,400,000
Bank of America - DOJ Loan	\$3,000,000
City of Dublin	\$4,280,000
Alameda County - HOME	\$1,290,000
HCD - IIG	\$2,713,000
General Partner - Home Depot Grant	\$350,000
General Partner - Land Value	\$2,639,900
Tax Credit Equity	\$200,000

**Permanent Financing**

Source	Amount
CCRC	\$1,330,000
CCRC - Tranche B	\$2,551,000
Bank of America - DOJ Loan	\$3,000,000
City of Dublin	\$6,400,000
Alameda County - HOME	\$1,290,000
HCD - IIG	\$2,713,000
General Partner - Home Depot Grant	\$350,000
General Partner - Land Value	\$2,639,900
Deferred Developer Fee	\$500,000
Tax Credit Equity	\$13,756,574
<b>TOTAL</b>	<b>\$34,530,474</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$30,064,051
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$39,083,266
Applicable Rate:	3.30%
Total Maximum Annual Federal Credit:	\$1,289,735
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	\$1.06662

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:	\$30,064,051
Actual Eligible Basis:	\$30,064,051
Unadjusted Threshold Basis Limit:	\$20,061,696
Total Adjusted Threshold Basis Limit:	\$34,408,710

**Adjustments to Basis Limit:**

- Parking Beneath Residential Units
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 40%

**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 meet 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 3.30% 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:** None.

**Local Reviewing Agency:**

The Local Reviewing Agency, the City of Dublin, 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>\$1,289,735</b>	<b>\$0</b>

**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 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.

**Additional Conditions:** None.