

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2015 Second Round**

**September 23, 2015**

Tienda Drive Senior Apartments, located at 2245 Tienda Drive in Lodi, CA, requested and is being recommended for a reservation of \$1,340,300 in annual federal tax credits and \$5,503,929 in total state tax credits to finance the new construction of 79 units of housing serving Seniors with rents affordable to households earning 30-55% of area median income (AMI). The project will be developed by Eden Housing, Inc. and will be located in Senate District 5 and Assembly District 9.

The project will be receiving rental assistance in the form of MHSA Rental Assistance. The project financing includes state funding from the MHSA through CalHFA.

**Project Number** CA-15-139

**Project Name** Tienda Drive Senior Apartments  
Site Address: 2245 Tienda Drive  
Lodi, CA 95242 County: San Joaquin  
Census Tract: 43.030

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,340,300	\$5,503,929
Recommended:	\$1,340,300	\$5,503,929

**Applicant Information**

Applicant: Eden Housing, Inc.  
Contact: Linda Mandolini  
Address: 22645 Grand Street  
Hayward, CA 94541  
Phone: 510-582-1460 Fax: 510-582-0122  
Email: lmandolini@edenhousing.org

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

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 2  
 Total # of Units: 80  
 No. & % of Tax Credit Units: 79 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: CDBG / HOME  
 Affordability Breakdown by Units and % (Lowest Income Points):  
 30% AMI: 8 10 %  
 45% AMI: 20 25 %  
 50% AMI: 32 40 %

**Information**

Set-Aside: N/A  
 Housing Type: Seniors  
 Geographic Area: Central Valley Region  
 TCAC Project Analyst: Mayra Lozano

**Unit Mix**

79 1-Bedroom Units  
 1 2-Bedroom Units  


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 80 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>
8 1 Bedroom	30%	24%	\$263
20 1 Bedroom	45%	45%	\$503
32 1 Bedroom	50%	50%	\$559
19 1 Bedroom	55%	55%	\$615
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$665,000
Construction Costs	\$12,302,581
Rehabilitation Costs	\$0
Construction Contingency	\$615,129
Relocation	\$0
Architectural/Engineering	\$1,091,300
Construction Interest/Perm Financing	\$1,148,304
Legal Fees, Appraisals	\$83,500
Reserves	\$918,554
Other Costs	\$2,560,808
Developer Fee	\$1,400,000
Commercial Costs	\$0
<b>Total</b>	<b>\$20,785,176</b>

**Project Financing**

Estimated Total Project Cost:	\$20,785,176
Estimated Residential Project Cost:	\$20,785,176

**Residential**

Construction Cost Per Square Foot:	\$242
Per Unit Cost:	\$259,815

**Construction Financing**

Source	Amount
Rabobank	\$14,381,356
City of Lodi - HOME / CDBG	\$1,140,000
CalHFA - MHSA	\$740,000
AHP	\$790,000
Tax Credit Equity	\$1,757,667

**Permanent Financing**

Source	Amount
City of Lodi - HOME / CDBG	\$1,140,000
CalHFA - MHSA	\$740,000
AHP	\$790,000
Deferred Developer Fee	\$299,502
General Partner Equity	\$350,000
PV Energy Credit Equity	\$60,000
Tax Credit Equity	\$17,405,674
<b>TOTAL</b>	<b>\$20,785,176</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$18,346,447
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis Credit Reduction (5%)	\$917,323
Qualified Basis:	\$17,429,124
Applicable Rate:	7.69%
Total Maximum Annual Federal Credit:	\$1,340,300
Total State Credit:	\$5,503,929
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	\$1.03172
State Tax Credit Factor:	\$0.65000

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:	\$18,346,447
Actual Eligible Basis:	\$18,657,483
Unadjusted Threshold Basis Limit:	\$12,819,449
Total Adjusted Threshold Basis Limit:	\$19,431,677

**Adjustments to Basis Limit:**

Required to Pay Prevailing Wages

- Project has onsite renewable generation estimated to produce 75% or more of annual common area electricity use as indicated in TCAC Regulations.
- Install bamboo, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all kitchens, living rooms, and bathrooms where no VOC adhesives or backing is used
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all common areas
- Project meets all requirements of US EPA Indoor Air Plus Program.

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First:	<b>Seniors</b>
Second:	<b>17.082%</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 7.69% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.30%. 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 has a capitalized operating subsidy reserve (COSR) on 8 units from CalHFA MHSA.

**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**  
**\$1,340,300**

**State Tax Credits/Total**  
**\$5,503,929**

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. 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>
Cost Efficiency	20	3	3
Credit Reduction	20	5	5
Public Funds	20	12	12
<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 regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within ¼ mile of public park or community center open to general public	3	3	3
Within ¼ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ½ mile of medical clinic or hospital	3	3	3
Within ¼ mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: Green Point Rated	5	5	5
Develop project to requirements of: Gold	5	5	5
<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.**