

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**March 21, 2007**

**Project Number** CA-2007-810

**Project Name** Uptown Apartments  
**Address:** 19<sup>th</sup> Street/Thomas L. Berkley Way/Telegraph Avenue/San Pablo Avenue  
Oakland, CA 94612 County: Alameda

**Applicant Information**

**Applicant:** Uptown Housing Partners, L.P.  
**Contact** Ted Beder  
**Address:** 949 South Hope Street, Suite 200  
Los Angeles, CA 90015  
**Phone:** (213) 488-0010 **Fax:** (213) 488-9308  
**Sponsors Type:** For Profit

**Bond Information**

**Issuer:** Community and Economic Development Agency  
**Date of Issuance:** October 28, 2005  
**Credit Enhancement:** N/A

**Eligible Basis**

**Actual:** \$179,340,138  
**Requested:** \$176,726,249  
**Maximum Permitted:** \$176,726,249

**Extra Feature Adjustments:**

**Required to Pay Prevailing Wages:** 20%  
**Parking Beneath Residential Units:** 7%   
**55-Year Use/Rent Restriction Adjustment:** 60%   
**3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:** 4%

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,654,158	\$0
Recommended:	\$1,654,158	\$0

**Project Information**

**Construction Type:** New Construction  
**Federal Subsidy:** Tax-Exempt  
**HCD MHP Funding:** No  
**Total # of Units:** 665  
**Total # Residential Buildings:** 4

**Income/Rent Targeting**

**Federal Setaside Elected:** 20%/50%  
**% & No. of Targeted Units:** 20% - 133 units  
**55-Year Use/Affordability Restriction:** Yes  
**Number of Units @ or below 50% of area median income:** 133  
**Number of Units @ or below 60% of area median income:** 0

<u>Unit Type &amp; Number</u>	<u>2007 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 Studio	50%	\$733
82 One-Bedroom	50%	\$785
40 Two-Bedroom	50%	\$942
7 Three-Bedroom	50%	\$1,089
2 One-Bedroom	Manager's Units	\$0
16 Studio	Market Rate	\$1,595
78 One-Bedroom	Market Rate	\$1,815
228 One-Bedroom	Market Rate	\$1,980
18 One-Bedroom	Market Rate	\$1,754
151 Two-Bedroom	Market Rate	\$2,530
10 Two-Bedroom	Market Rate	\$2,109
27 Three-Bedroom	Market Rate	\$3,410
2 Three-Bedroom	Market Rate	\$2,431

The general partner or principal owner is Uptown Apartments, LLC.

The project developer is Forest City Residential West, Inc.

The management services will be provided by Forest City Residential Management, Inc.

The market analysis was provided by Ann Roulac & Company.

The Local Reviewing Agency, the City of Oakland, has completed a site review of this project and strongly supports this project.

**Project Financing**

Estimated Total Project Cost: \$195,487,261 Per Unit Cost: \$293,132 Construction Cost Per Sq. Foot: \$175  
 Estimated Total Residential Project Cost: \$194,932,861  
 Estimated Total Commercial Project Cost: \$554,400

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
CEDA	\$160,000,000	CEDA	\$160,000,000
City of Oakland	\$12,920,000	City of Oakland	\$12,920,000
Developer/Investor Equity	\$5,179,839	Developer/Investor Equity	\$5,179,839
Deferred Developer Fee	\$2,500,000	Deferred Developer Fee	\$2,500,000
Investor Equity	\$14,887,422	Investor Equity	\$14,887,422
		<b>TOTAL</b>	<b>\$195,487,261</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$176,726,249
130% High Cost Adjustment:	Yes
Applicable Fraction:	20%
Qualified Basis:	\$45,948,825
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	\$1,654,158
Approved Developer Fee:	\$2,500,000
Tax Credit Factor:	\$0.90000

Applicant requests and staff recommends annual federal credits of \$1,654,158 based on a qualified basis of \$45,948,825 and a funding shortfall of \$14,887,422.

**Cost Analysis and Line Item Review**

The requested eligible basis \$176,726,249 is at the TCAC's adjusted threshold basis limit \$176,726,249. The basis limit includes the adjustment for extraordinary features for the 60% adjustment for the 55-year use/affordability restriction for projects that have 50% or less tax-credit units and are located in a DDA/QCT, projects that are required to pay state or federal prevailing wages, projects that are required to provide parking beneath the residential units, the adjustment for projects with 3 or more energy efficiency/resource conservation/indoor air quality items. 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 3.60% 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:** 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.

**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
<b>\$1,654,158</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.

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:** None.

Project Analyst: Elaine Johnson