

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Placed in Service
May 17, 2017

Project Number CA-13-871

Project Name Strawberry Creek Lodge
Site Address: 1320 Addison Street
Berkeley, CA 94702 County: Alameda
Census Tract: 4231.000

Tax Credit Amounts	Federal/Annual	State/Total
Reserved at PR:	\$452,796	\$931,205
Recommended at PIS:	\$564,513	\$931,205

Owner Information

Owner: Strawberry Creek Lodge, L.P.
Contact: Eve Stewart
Address: 1835 Alcatraz Avenue
Berkeley, CA 94703
Phone: 510-809-2754
Email: estewart@sahahomes.org

General Partner(s) or Principal Owner(s):	Satellite AHA Development, Inc.
General Partner Type:	Nonprofit
Parent Company(ies):	Satellite AHA Development, Inc.
Developer:	Satellite Affordable Housing Associates
Investor/Consultant:	Raymond James
Management Agent:	Satellite Affordable Housing Associates, Property Management

Placed in Service Dates: Rehabilitation: 7/31/15
Acquisition: 4/24/14

Federal Rate: 3.25% fixed at bond issuance in April 2014

% of Aggregate Basis Financed with Tax-Exempt Bond Proceeds: 56.32%

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 3
Total # of Units: 150
No. & % of Tax Credit Units: 122 81.88%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (23 units - 15%)
HUD Section 8 Project-based Contract (53 units - 35%)

Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI: 78 60 %
40% AMI: 13 10 %

Affordability Breakdown by % (Basis Limit Increase):

Number of Units @ or below 35% of area median income: 78
Number of Units @ or below 50% of area median income: 13
Number of Units @ or below 60% of area median income: 31

Bond Information

Issuer: California Municipal Finance Authority
Date of Issuance: April 24, 2014
Credit Enhancement: N/A

Information

Set-Aside: N/A
Housing Type: Non-Targeted
Geographic Area: North and East Bay Region
TCAC Project Analyst: Elaine Johnson

Unit Mix

120	SRO/Studio Units
30	1-Bedroom Units
<hr/>	
150	Total Units

<u>Unit Type & Number</u>	<u>2015 Rents Targeted % of Area Median Income</u>	<u>2015 Rents Actual % of Area Median Income</u>	<u>Actual Rent (including utilities)</u>
63 SRO/Studio	30%	29%	\$494
15 1 Bedroom	30%	30%	\$548
5 SRO/Studio	40%	40%	\$683
7 SRO/Studio	40%	40%	\$683
1 1 Bedroom	40%	40%	\$731
1 SRO/Studio	60%	40%	\$682
8 SRO/Studio	60%	40%	\$682
4 SRO/Studio	60%	40%	\$682
5 SRO/Studio	60%	40%	\$682
3 SRO/Studio	60%	40%	\$682
1 1 Bedroom	60%	48%	\$882
3 1 Bedroom	60%	48%	\$882
1 1 Bedroom	60%	48%	\$882
2 1 Bedroom	60%	48%	\$882
3 SRO/Studio	60%	33%	\$560
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0
21 SRO/Studio	Market Rate Unit	Market Rate Unit	\$560
6 1 Bedroom	Market Rate Unit	Market Rate Unit	\$854

Project Financing

Actual Project Cost:	\$25,184,502
Estimated Project Cost:	\$21,148,318

Residential

Actual Cost/Sq Ft:	\$150
Actual Cost/Unit:	\$167,897
Estimated Cost/Sq Ft:	\$84
Estimated Cost/Unit:	\$140,989

Permanent Financing at PR

<u>Source</u>	<u>Amount</u>
Citibank	\$3,614,032
Citibank Tranche B	\$2,337,268
Seller Take Back	\$7,158,308
Seller Permanent Loan	\$1,000,000
Existing Reserves	\$700,000
Deferred Developer Fee	\$1,122,321
Tax Credit Equity	\$5,216,389
TOTAL	\$21,148,318

Permanent Financing at PIS

<u>Source</u>	<u>Amount</u>
Bank of the West	\$5,745,812
Bank of the West Tranche B	\$1,516,221
Seller Loan	\$8,533,645
City of Berkeley Loan	\$93,114
City of Berkeley HOME loan	\$727,000
Income from Operations	\$517,122
Existing Seller Reserves	\$744,491
GP Loan	\$988,759
PV Rebate	\$168,961
PV Equity	\$100,002
Tax Credit Equity	\$6,049,375
TOTAL	\$25,184,502

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$11,945,014
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$9,527,002
Applicable Fraction:	80.89%
Qualified Basis (Rehabilitation):	\$9,662,841
Applicable Rate:	3.25%
Qualified Basis (Acquisition):	\$7,706,806
Applicable Rate:	3.25%
Maximum Annual Federal Credit, Rehabilitation:	\$314,042
Maximum Annual Federal Credit, Acquisition:	\$250,471
Total Maximum Annual Federal Credit:	\$564,513
Total State Credit:	\$931,205
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,310,921
Investor/Consultant:	Raymond James
Federal Tax Credit Factor:	\$0.97099
State Tax Credit Factor:	\$0.61000

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$21,472,016
Actual Eligible Basis:	\$21,472,016
Unadjusted Threshold Basis Limit:	\$33,789,600
Total Adjusted Threshold Basis Limit:	\$75,012,912

Adjustments to Basis Limit:

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: 10%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 130%

Special Issues/Other Significant Information:

Project costs increased by 19% from the original application estimate. Annual federal credit requested increased by 25% from the original application. These increases require re-application pursuant to TCAC Regulation Section 10322(j). Cost increases were due to increased scope of rehabilitation work and acquisition-related costs that were anticipated in the original application but were inadvertently omitted from the application budget (seller reserve costs, fire alarm upgrade, and transaction-related costs). Other higher-than-anticipated costs include: relocation, environmental mitigation expenses, and costs related to a longer than anticipated rehabilitation schedule. Annual federal credit also increased due to the increase in the applicable fraction; three additional tenants were LIHTC-income qualified as of the placed in service date.

There are monthly parking fees paid by tenants, \$20 each space for 29 available spaces. Costs of \$50,000 were excluded from eligible basis for parking spaces. According to the project owner, monthly tenant rent plus the parking fee does not exceed the maximum targeted AMI rent limit for each applicable unit.

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	0	0
Site Amenities	15	15	15
Within ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ¼ mile of public park or community center open to general public	3	3	3
Within ½ mile of a neighborhood market of at least 5,000 sf	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Service Amenities	10	10	10
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
Sustainable Building Methods	10	6	3
REHABILITATION			
Rehabilitate to improve energy efficiency (change in HERS II rating): 15%	3	3	3
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	15	10
Total Points	126	107	99

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.