

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2010 First Round**

**June 9, 2010**

**Project Number** CA-2010-030

**Project Name** Jefferson Oaks Apartments  
**Site Address:** 1424 Jefferson Street and 587 15th Street  
Oakland, CA 94612 County: Alameda  
**Census Tract:** 4028.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,787,175	\$0
Recommended:	\$1,787,175	\$0

**Applicant Information**

**Applicant:** Affordable Housing Associates  
**Contact:** Eve Stewart  
**Address:** 1250 Addison Street, Suite G  
Berkeley, CA 94702  
**Phone:** 510-649-8500 **Fax:** 510-649-0312  
**Email:** estewart@ahainc.org

**General partner(s) or principal owner(s):** AHA Development Inc.  
**General Partner Type:** Nonprofit  
**Developer:** Affordable Housing Associates  
**Investor/Consultant:** Community Economics  
**Management Agent:** John Stewart Company

**Project Information**

**Construction Type:** Rehabilitation  
**Total # Residential Buildings:** 2  
**Total # of Units:** 102  
**No. & % of Tax Credit Units:** 101 100%  
**Federal Set-Aside Elected:** 40%/60%  
**Federal Subsidy:** Project-based Section 8 vouchers (100 units - 99%) / HOME / CDBG  
**Average Affordability of Special Needs/SRO Project Units:** 39.77%  
**Affordability Breakdown by % (Lowest Income Points):**  
30% AMI: 25 %  
35% AMI: 10 %  
40% AMI: 15 %  
50% AMI: 35 %

**Information**

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

**Unit Mix**

101 SRO/Studio Units  
1 1-Bedroom Units  
 102 Total Units

<u>Unit Type &amp; Number</u>	<u>2009 Rents Targeted % of Area Median Income</u>	<u>2009 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
14 SRO/Studio	25%	25%	\$390
11 SRO/Studio	30%	30%	\$468
15 SRO/Studio	35%	35%	\$546
20 SRO/Studio	40%	40%	\$625
40 SRO/Studio	50%	50%	\$781
1 SRO/Studio	15%	13%	\$200
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$28,338,597 Construction Cost Per Square Foot: \$276  
 Estimated Commercial Project Cost \$525,716 Per Unit Cost: \$277,829

**Construction Financing**

**Permanent Financing**

<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Bank of America Construction Loan	\$6,765,000	City of Oakland CEDA	\$3,600,000
City of Oakland CEDA	\$3,600,000	City of Oakland CDBG PATH	\$800,000
City of Oakland CDBG PATH	\$800,000	Oakland Housing Authority	\$3,000,000
Oakland Housing Authority	\$3,000,000	MHSA from CalHFA	\$1,500,000
Assumed Debt - City of Oakland	\$2,355,585	Assumed Debt - City of Oakland	\$2,355,858
Assumed Debt - Alameda County	\$144,135	Assumed Debt - Alameda County	\$144,135
Assumed Debt - HCD	\$1,130,324	Assumed Debt - HCD	\$1,130,324
Assumed Debt - HCD	\$650,500	Assumed Debt - HCD	\$650,500
Tax Credit Equity	\$7,000,000	FHLB AHP	\$1,000,000
		Deferred Developer Fee	\$753,968
		Tax Credit Equity	\$13,403,813
		<b>TOTAL</b>	<b>\$28,338,597</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$15,275,000
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$19,857,500
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,787,175
Approved Developer Fee in Project Cost	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	\$0.75000

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	\$15,275,000
Actual Eligible Basis:	\$19,045,825
Unadjusted Threshold Basis Limit:	\$19,625,326
Total Adjusted Threshold Basis Limi	\$19,625,326

**Adjustments to Basis Limit:** None

**Tie-Breaker Information**

First:	<b>Single Room Occupancy</b>
Second:	<b>75.756%</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, 3.40%. 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, City of Oakland Community and Economic Development Agency, 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>\$1,787,175</b>	<b>\$0</b>

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day 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

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 min, 25 units/acre density	7	7	7
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Special Needs/SRO project within ½ mile of facility serving tenant pop.	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ¼ mile of a pharmacy	2	2	2
In-unit high speed internet service	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
<b>Sustainable Building Methods</b>	<b>8</b>	<b>8</b>	<b>8</b>
Rehabilitation, not subject to Title 24, w/75% fluorescent or comparable	2	2	2
Energy star rated ceiling fans in bedroom/living room; whole house fan	2	2	2
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
Formaldehyde-free insulation	1	1	1
LEED/Green Communities/GreenPoint Rated Multifamily Guidelines	8	8	8
<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>State Credit Substitution</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Points</b>	<b>146</b>	<b>146</b>	<b>146</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.**