

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2010 First Round

June 9, 2010

Project Number CA-2010-031

Project Name 6th and Oak Senior Homes
Site Address: 609 Oak Street
Oakland, CA 94607 County: Alameda
Census Tract: 4033.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,648,894	\$0
Recommended:	\$1,648,894	\$0

Applicant Information

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

General partner(s) or principal owner(s): AHA Development Inc.
General Partner Type: Nonprofit
Developer: Affordable Housing Associates
Consultant: California Housing Partnership Corporation
Management Agent: Affordable Housing Associates

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 70
No. & % of Tax Credit Units: 69 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Project-based Section 8 vouchers (50 units - 72%) / HOME
Affordability Breakdown by % (Lowest Income Points):
30% AMI: 15 %
35% AMI: 25 %
40% AMI: 20 %
45% AMI: 20 %
50% AMI: 10 %

Information

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

Unit Mix

5 SRO/Studio Units
 55 1-Bedroom Units
 10 2-Bedroom Units

 70 Total Units

<u>Unit Type & 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>
5 SRO/Studio	30%	30%	\$469
5 1 Bedroom	30%	30%	\$502
18 1 Bedroom	35%	35%	\$585
13 1 Bedroom	40%	40%	\$669
11 1 Bedroom	45%	45%	\$752
8 1 Bedroom	50%	50%	\$836
3 2 Bedrooms	30%	30%	\$603
1 2 Bedrooms	40%	40%	\$804
3 2 Bedrooms	45%	45%	\$905
2 2 Bedrooms	50%	50%	\$1,005
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$27,525,531 Construction Cost Per Square Foot: \$274
 Per Unit Cost: \$393,222

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Construction Loan - Wells Fargo Bank	\$12,863,300	CCRC Permanent Loan - NOI	\$1,096,649
City of Oakland Redevelopment Agency	\$3,699,656	CCRC Permanent Loan - S8	\$1,940,610
City of Oakland HOME	\$3,850,344	City of Oakland Redevelopment Agency	\$3,699,656
City of Oakland Loans' Accrued Interest	\$236,202	City of Oakland HOME	\$3,850,344
HCD Infill Grant	\$2,000,000	City of Oakland Loans' Accrued Interest	\$236,202
FHLB AHP	\$690,000	HCD Infill Grant	\$2,000,000
Oakland Permit Fee Waiver	\$118,199	FHLB AHP	\$690,000
Deferred Developer Fee	\$820,000	Alameda County MHSA Funds	\$300,000
Costs Deferred Until Perm Close	\$1,106,184	Oakland Permit Fee Waiver	\$118,199
Tax Credit Equity	\$2,141,646	Deferred Developer Fee	\$820,000
		Tax Credit Equity	\$12,773,871
		TOTAL	\$27,525,531

Determination of Credit Amount(s)

Requested Eligible Basis:	\$14,093,109
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$18,321,042
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,648,894
Approved Developer Fee in Project Cost	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.77469

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	\$14,093,109
Actual Eligible Basis:	\$20,810,681
Unadjusted Threshold Basis Limit:	\$15,815,580
Total Adjusted Threshold Basis Limi	\$22,981,560

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

Parking Beneath Residential Units

3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Projects exceeding Title 24 by at least 15%
- Projects using a Minimum Efficiency Report Value (MERV) 8 or higher air filter for HVAC systems that introduce outside air
- Projects recycling at least 75% of the construction and demolition waste
- Projects using CRI Green Label Plus Carpet or no carpet in all bedrooms

Utilizing New Energy Technologies

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Seniors
Second:	93.453%

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 & 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:

Federal Tax Credits/Annual	State Tax Credits/Total
\$1,648,894	\$0

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

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
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 public library	2	2	2
Senior project within ½ mile of daily operated senior center/facility	2	2	2
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	1	1	1
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
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
Sustainable Building Methods	8	8	8
New construction/adaptive reuse energy efficiency 10% above Title 24	4	4	4
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
CRI Green-label, low-VOC carpet and pad	1	1	1
Formaldehyde-free insulation	1	1	1
LEED/Green Communities/GreenPoint Rated Multifamily Guidelines	8	8	8
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	20	20
State Credit Substitution	2	2	2
Total Points	146	146	146

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.