

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**October 19, 2016**

Coliseum Connections, located at 801-844 71st Avenue in Oakland, requested and is being recommended for a reservation of \$1,045,393 in annual federal tax credits to finance the new construction of 55 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Coliseum Development Partners, LLC and is located in Senate District 9 and Assembly District 15.

The project financing includes state funding from the AHSC program of HCD.

**Project Number** CA-16-949

**Project Name** Coliseum Connections  
 Site Address: 801-844 71st Ave.  
 Oakland, CA 94621 County: Alameda  
 Census Tract: 4088.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,045,393	\$0
Recommended:	\$1,045,393	\$0

**Applicant Information**

Applicant: Coliseum Development Partners, LLC  
 Contact: Michael Johnson  
 Address: 4096 Piedmont Avenue, Suite 313  
 Oakland, CA 94611  
 Phone: (415) 748-2300  
 Email: mjohanson@urbancorellc.com

General Partner(s) or Principal Owner(s): Coliseum Affordable Housing, LLC  
 Coliseum Development Partners, LLC

General Partner Type: Nonprofit

Parent Company(ies): Commonwealth Multifamily Housing Corporation  
 UrbanCore Development, LLC

Developer: Coliseum Development Partners, LLC

Investor/Consultant: Hudson Housing

Management Agent: FPI Management Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 4  
 Total # of Units: 109  
 No. & % of Tax Credit Units: 55 50.46%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt  
 HCD MHP Funding: No  
 55-Year Use/Affordability: Yes  
 Number of Units @ or below 50% of area median income: 22  
 Number of Units @ or below 60% of area median income: 33

**Bond Information**

Issuer: CMFA  
 Expected Date of Issuance: December 15, 2016  
 Credit Enhancement: N/A

**Information**

Housing Type: Non-Targeted  
 Geographic Area: North and East Bay Region  
 TCAC Project Analyst: Lucy Vang

**Unit Mix**

65 1-Bedroom Units  
 45 2-Bedroom Units  


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 110 Total Units

<u>Unit Type &amp; Number</u>	<u>2016 Rents Targeted % of Area Median Income</u>	<u>2016 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
20 1 Bedroom	60%	58%	\$1,052
13 1 Bedroom	50%	48%	\$876
13 2 Bedrooms	60%	58%	\$1,263
9 2 Bedrooms	50%	48%	\$1,052
1 1 Bedroom	Manager's Unit	Manager's Unit	\$1,600
8 1 Bedroom	Market Rate Unit	Market Rate Unit	\$1,750
23 1 Bedroom	Market Rate Unit	Market Rate Unit	\$1,600
14 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$1,950
9 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$1,800

**Project Cost Summary at Application**

Land and Acquisition	\$3,733,385
Construction Costs	\$41,102,100
Rehabilitation Costs	\$0
Construction Contingency	\$430,824
Relocation	\$0
Architectural/Engineering	\$1,352,500
Const. Interest, Perm. Financing	\$2,380,349
Legal Fees, Appraisals	\$220,694
Reserves	\$957,564
Other Costs	\$3,343,600
Developer Fee	\$2,800,000
Commercial Costs	\$0
<b>Total</b>	<b>\$56,321,016</b>

**Project Financing**

Estimated Total Project Cost:	\$56,321,016
Estimated Residential Project Cost:	\$56,321,016
Estimated Commercial Project Cost:	\$0

**Residential**

Construction Cost Per Square Foot:	\$434
Per Unit Cost:	\$516,707
True Cash Per Unit Cost*:	\$465,975

**Construction Financing**

Source	Amount
Chase	\$32,000,000
CMFHC Equity/Debt	\$1,000,000
City of Oakland	\$12,000,000
HCD - AHSC Grant	\$5,223,012
Land Lease Value	\$3,350,000
Deferred Fees and Costs	\$1,585,317
Tax Credit Equity	\$1,162,687

**Permanent Financing**

Source	Amount
Hunt	\$16,482,358
CMFHC Equity/Debt	\$1,250,000
City of Oakland	\$12,000,000
HCD - AHSC Grant	\$5,223,012
HCD - AHSC Loan	\$4,675,000
Land Lease Value	\$3,350,000
Deferred Developer Fee	\$1,713,774
Tax Credit Equity	\$11,626,872
<b>TOTAL</b>	<b>\$56,321,016</b>

\*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$49,316,344
130% High Cost Adjustment:	Yes
Applicable Fraction:	50.17%
Qualified Basis:	\$32,165,951
Applicable Rate:	3.25%
Maximum Annual Federal Credit:	\$1,045,393
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,800,000
Investor/Consultant:	Hudson Housing
Federal Tax Credit Factor:	\$1.11220

Per Regulation Section 10322(h)(9)(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:	\$49,316,344
Actual Eligible Basis:	\$49,316,344
Unadjusted Threshold Basis Limit:	\$31,405,850
Total Adjusted Threshold Basis Limit:	\$50,296,135

**Adjustments to Basis Limit**

- Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages
- Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels
- Local Development Impact Fees
- 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: 20%

**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 meet 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 3.25% of the qualified basis. 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.

**Local Reviewing Agency**

The Local Reviewing Agency, City of Oakland, 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>\$1,045,393</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.

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.

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 reservation 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.

### **Additional Conditions**

The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The project commits to becoming certified under the following program:  
Leadership in Energy & Environmental Design (LEED)
- The project will be developed beyond the minimum requirements of the green building program by meeting the LEED for Homes GOLD standard.