

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
May 16, 2018**

Westlake Christian Terrace West, located at 275 28th Street in Oakland, requested and is being recommended for a reservation of \$3,573,305 in annual federal tax credits to finance the acquisition and rehabilitation of 199 units of housing serving seniors with rents affordable to households earning 50% of area median income (AMI). The project will be developed by Christian Church Homes and is located in Senate District 9 and Assembly District 18.

The project will be receiving rental assistance in the form of HUD Project-based Section 8 Vouchers.

**Project Number** CA-18-740

**Project Name** Westlake Christian Terrace West  
Site Address: 275 28th Street  
Oakland, CA 94611 County: Alameda  
Census Tract: 4035.01

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$3,573,305	\$0
Recommended:	\$3,573,305	\$0

**Applicant Information**

Applicant: Westlake Christian Terrace West, LP  
Contact: Tony Weng  
Address: 303 Hegenberger Road, Suite 201  
Oakland, CA 94621  
Phone: (510) 746-4222  
Email: tweng@cchnc.org

General Partner(s) or Principal Owner(s): WCTW Housing, LLC  
General Partner Type: Nonprofit  
Parent Company(ies): Christian Church Homes  
Developer: Christian Church Homes  
Investor/Consultant: Enterprise Community Investment  
Management Agent: Christian Church Homes

**Project Information**

Construction Type: Acquisition & Rehabilitation  
Total # Residential Buildings 1  
Total # of Units: 200  
No. / % of Low Income Units 199 100.00%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (161 Units - 81%)

**Bond Information**

Issuer: California Municipal Finance Authority  
 Expected Date of Issuance: June 1, 2018

**Information**

Housing Type: Seniors  
 Geographic Area: East Bay Region  
 TCAC Project Analyst: Tiffani Negrete

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
At or Below 50% AMI: 199	100%

**Unit Mix**

199 1-Bedroom Units
<u>1 2-Bedroom Units</u>
200 Total Units

<b>Unit Type &amp; Number</b>	<b>2017 Rents Targeted % of Area Median Income</b>	<b>2017 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
40 1 Bedroom	50%	50%	\$978
121 1 Bedroom	50%	50%	\$978
38 1 Bedroom	50%	50%	\$978
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$124,116,300

**Project Cost Summary at Application**

Land and Acquisition	\$48,870,000
Construction Costs	\$0
Rehabilitation Costs	\$27,667,757
Construction Contingency	\$4,095,639
Relocation	\$3,731,284
Architectural/Engineering	\$1,657,230
Const. Interest, Perm. Financing	\$6,719,232
Legal Fees, Appraisals	\$63,500
Reserves	\$994,826
Other Costs	\$1,556,206
Developer Fee	\$8,452,287
Commercial Costs	<u>\$0</u>
<b>Total</b>	<b>\$103,807,961</b>

**Residential**

Construction Cost Per Square Foot:	\$198
Per Unit Cost:	\$519,040
True Cash Per Unit Cost*:	\$336,289

**Construction Financing**

Source	Amount
Citibank, N.A. - T.E. Bonds	\$57,289,000
Deferred Costs	\$8,220,804
Deferred Interest	\$1,330,376
Seller Carryback	\$31,587,881
General Partner Equity	\$821,699
Tax Credit Equity	\$4,558,200

**Permanent Financing**

Source	Amount
Citibank, N.A. - Tranche A	\$8,143,800
Citibank, N.A. - Tranche B	\$12,829,600
Sponsor Loan	\$10,450,381
Seller Carryback	\$31,587,881
Deferred Interest	\$1,330,376
Deferred Developer Fee	\$4,962,287
General Partner Equity	\$821,699
Tax Credit Equity	\$33,681,937
<b>TOTAL</b>	<b>\$103,807,961</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$47,405,454
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$47,648,304
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$61,627,090
Qualified Basis (Acquisition):	\$47,648,304
Applicable Rate:	3.27%
Maximum Annual Federal Credit, Rehabilitation:	\$2,015,205
Maximum Annual Federal Credit, Acquisition:	\$1,558,100
Total Maximum Annual Federal Credit:	\$3,573,305
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,452,287
Investor/Consultant:	Enterprise Community Investment
Federal Tax Credit Factor:	\$0.94260

Per Regulation Section 10327(c)(6), 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.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$95,053,758
Actual Eligible Basis:	\$95,053,758
Unadjusted Threshold Basis Limit:	\$67,052,284
Total Adjusted Threshold Basis Limit:	\$154,220,253

**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

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI 100%

**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 3.27% 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.

**Significant Information / Additional Conditions**

The proposed rents do not include any utility allowance. The owner will pay for all utilities.

**Local Reviewing Agency**

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

**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.

**CDLAC Additional Conditions.** None