

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
July 18, 2018

Oakland International, located at 10500 International Boulevard and 105th Avenue in Oakland, requested and is being recommended for a reservation of \$4,705,528 in annual federal tax credits to finance the new construction of 321 units of housing serving seniors with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 9 and Assembly District 18.

Project Number CA-18-600

Project Name Oakland International
 Site Address: 10500 International Boulevard and 105th Avenue
 Oakland, CA 94603 County: Alameda
 Census Tract: 4104.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$4,705,528	\$0
Recommended:	\$4,705,528	\$0

Applicant Information

Applicant: Oakland Pacific Associates, a California Limited Partnership
 Contact: Caleb Roope
 Address: 430 E. State Street, Suite 100
 Eagle, ID 83616
 Phone: 208.461.0022
 Email: calebr@tpchousing.com

General Partner(s) or Principal Owner(s): TPC Holdings V, LLC
 Riverside Charitable Corporation

General Partner Type: Joint Venture

Parent Company(ies): TPC Holdings V, LLC
 Riverside Charitable Corporation

Developer: Pacific West Communities, Inc.

Investor/Consultant: Boston Capital

Management Agent: Aperto Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 324
 No. / % of Low Income Units: 321 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Bond Information

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

Information

Housing Type: Seniors
 Geographic Area: East Bay Region
 TCAC Project Analyst: Lucy Vang

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 50% AMI: 33	10%
At or Below 60% AMI: 288	90%

Unit Mix

261 1-Bedroom Units
 63 2-Bedroom Units

 324 Total Units

Unit Type & Number	2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
27 1 Bedroom	50%	50%	\$1,090
233 1 Bedroom	60%	60%	\$1,308
6 2 Bedrooms	50%	50%	\$1,307
55 2 Bedrooms	60%	60%	\$1,569
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0
2 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$78,617,880

Project Cost Summary at Application

Land and Acquisition	\$3,530,000
Construction Costs	\$79,252,616
Rehabilitation Costs	\$0
Construction Contingency	\$4,000,000
Relocation	\$0
Architectural/Engineering	\$990,000
Const. Interest, Perm. Financing	\$8,290,000
Legal Fees, Appraisals	\$100,000
Reserves	\$2,282,541
Other Costs	\$7,013,394
Developer Fee	\$12,000,000
Commercial Costs	\$0
Total	\$117,458,551

Residential

Construction Cost Per Square Foot:	\$364
Per Unit Cost:	\$362,526
True Cash Per Unit Cost*:	\$340,026

Construction Financing

Source	Amount
Citibank, N.A. (Series A)	\$73,000,000
Bonneville (Series B)	\$25,000,000
Deferred Cost	\$2,282,541
Deferred Developer Fee	\$12,000,000
Tax Credit Equity	\$5,176,010

Permanent Financing

Source	Amount
Citibank, N.A. (Series A)	\$40,000,000
Bonneville (Series B)	\$25,000,000
Deferred Developer Fee	\$7,290,000
Tax Credit Equity	\$45,168,551
TOTAL	\$117,458,551

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$110,692,252
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$143,899,928
Applicable Rate:	3.27%
Maximum Annual Federal Credit:	\$4,705,528
Approved Developer Fee (in Project Cost & Eligible Basis):	\$12,000,000
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$0.95990

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$110,692,252
Actual Eligible Basis:	\$110,692,252
Unadjusted Threshold Basis Limit:	\$112,865,076
Total Adjusted Threshold Basis Limit:	\$148,438,283

Adjustments to Basis Limit

- 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 and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 10%

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: None.

Resyndication and Resyndication Transfer Event: None.

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.