CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 16, 2019

BRIDGE Berkeley Way Affordable, located at 2012 Berkeley Way in Berkeley, requested and is being recommended for a reservation of $2,688,900 in annual federal tax credits to finance the new construction of 88 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by BRIDGE Housing Corporation and will be located in Senate District 9 and Assembly District 15.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the AHSC program of HCD.

Project Number	CA-19-542		
Project Name	BRIDGE Berkeley Way Affordable		
Site Address:	2012 Berkeley Way		
	Berkeley, CA 94704	County:	Alameda
Census Tract:	4224.00		

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,688,900	$0
Recommended:	$2,688,900	$0

Applicant Information

Applicant:	BRIDGE Berkeley Way LP
Contact:	Andy Turner
Address:	600 California, Suite 900 San Francisco, CA 94108
Phone:	(415) 321-4076
Email:	aturner@bridgehousing.com

General Partner(s) or Principal Owner(s):	BRIDGE Berkeley Way LLC
General Partner Type:	Nonprofit
Parent Company(ies):	BRIDGE Housing Corporation
Developer:	BRIDGE Housing Corporation
Investor/Consultant:	Community Economics
Management Agent:	BRIDGE Property Management Company

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	89
No. / % of Low Income Units:	88 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	HUD Section 8 Project-based Vouchers (22 units - 25%)

Bond Information

Issuer:	CMFA
Expected Date of Issuance:	March 15, 2020

Information

Housing Type:	Non-Targeted
Geographic Area:	East Bay Region
TCAC Project Analyst:	Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	54	61%
60% AMI:	34	39%

Unit Mix

34 SRO/Studio Units
35 1-Bedroom Units
20 2-Bedroom Units
89 Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
12	SRO/Studio	50%	50%	$1,085
10	1 Bedroom	50%	50%	$1,162
10	2 Bedrooms	50%	50%	$1,395
17	SRO/Studio	60%	60%	$1,302
17	1 Bedroom	60%	60%	$1,395
5	SRO/Studio	50%	50%	$1,085
8	1 Bedroom	50%	50%	$1,162
9	2 Bedrooms	50%	50%	$1,395
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$158,064
Construction Costs	$42,944,538
Construction Hard Cost Contingency	$2,147,227
Soft Cost Contingency	$555,722
Architectural/Engineering	$2,877,238
Const. Interest, Perm. Financing	$5,426,847
Legal Fees	$43,125
Reserves	$476,075
Other Costs	$6,088,636
Developer Fee	$5,600,000
Total	**$66,317,472**

Residential

Construction Cost Per Square Foot:	$484
Per Unit Cost:	$745,140
True Cash Per Unit Cost*:	$734,104

Construction Financing

Source	Amount
Wells Fargo Tranche A	$37,335,000
Wells Fargo Tranche B	$2,486,236
City of Berkeley	$5,468,100
Alameda County	$12,172,804
AHP	$880,000
Tax Credit Equity	$2,688,631

Permanent Financing

Source	Amount
CCRC Tranche A	$4,001,000
CCRC Tranche B	$1,447,000
City of Berkeley	$5,468,100
Alameda County	$12,172,804
HCD AHSC	$11,279,500
AHP	$880,000
Deferred Developer Fee	$982,254
GP Equity	$3,344,378
Tax Credit Equity	$26,742,436
TOTAL	**$66,317,472**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$62,678,322
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis	$81,481,818
Applicable Rate:	3.30%
Total Maximum Annual Federal Credit:	$2,688,900
Approved Developer Fee (in Project Cost & Eligible Basis):	$5,600,000
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	$0.99455

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:	$62,678,322
Actual Eligible Basis:	$62,678,322
Unadjusted Threshold Basis Limit:	$31,029,954
Total Adjusted Threshold Basis Limit:	$64,565,299

Adjustments to Basis Limit

Required to Pay State or Federal Prevailing Wages
Local Development Impact Fees
95% of Upper Floor Units are Elevator-Serviced
High Resource Opportunity Area
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 61%

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 or 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 3.30% 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 high cost per unit of $738,044 is due to the following factors. The project's urban infill location requires construction accommodations, including noise and dust control, shuttling of workers, staging, etc. A BART subway tunnel runs under the northeast corner of the parcel, requiring additional structural support in that section of the project. The project design requires site work that includes replacement of a large retaining wall and construction at the first and second levels. The project is required to pay prevailing wages and will be pursuing GreenPoint Rating certification.

This project will be located in a building that will be subdivided into two other projects, one of which is also seeking a TCAC allocation, 19-541 BFHP Hope Center Permanent Supportive Housing. The building will be divided into separate legal parcels, and each of the three projects will have a separate ground lease with the City of Berkeley.

Resyndication and Resyndication Transfer Event: None

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.

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
The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.