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

Aurora Apartments, located at 657 W. MacArthur Blvd. in Oakland, requested and is being recommended for a reservation of $1,312,885 in annual federal tax credits to finance the new construction of 43 units of housing serving special needs tenants with rents affordable to households earning 50% of area median income (AMI). The project will be developed by Affirmed Housing Group, Inc. 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 SHMHP program of HCD.

Project Number CA-19-544

Project Name Aurora Apartments
Site Address: 657 W. MacArthur Boulevard
Oakland, CA 94609 County: Alameda
Census Tract: 4010.00

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,312,885	$0
Recommended:	$1,312,885	$0

Applicant Information
Applicant: MacArthur PSH, L.P.
Contact: Rob Wilkins
Address: 13520 Evening Creek Drive N. Suite 160
San Diego, CA 92128
Phone: (415) 488-7743
Email: rob@affirmedhousing.com

General Partner(s) or Principal Owner(s): Affirmed Housing Group, Inc.
NEXUS for Affordable Housing
General Partner Type: Joint Venture
Parent Company(ies): Affirmed Housing Group, Inc.
NEXUS for Affordable Housing
Developer: Affirmed Housing Group, Inc.
Investor/Consultant: Raymond James Tax Credit Funds, Inc.
Management Agent: Solari Enterprises, Inc.

Project Information
Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 44
No. / % of Low Income Units: 43 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (43 units - 100%)

Bond Information

Issuer:	California Municipal Finance Authority
Expected Date of Issuance:	December 10, 2019

Information

Housing Type:	Special Needs
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:	43	100%

Unit Mix

2 SRO/Studio Units
41 1-Bedroom Units
1 2-Bedroom Units
44 Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
2	SRO/Studio	50%	20%	$434
41	1 Bedroom	50%	20%	$465
1	2 Bedrooms	Manager's Unit	Manager's Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$4,518,732
Construction Costs	$20,450,995
Construction Hard Cost Contingency	$2,081,100
Soft Cost Contingency	$239,968
Architectural/Engineering	$1,136,000
Const. Interest, Perm. Financing	$1,668,756
Legal Fees	$200,000
Reserves	$2,400,268
Other Costs	$1,794,621
Developer Fee	$3,991,748
Commercial Costs	$210,000
Total	**$38,692,188**

Residential	
Construction Cost Per Square Foot:	$619
Per Unit Cost:	$874,595
True Cash Per Unit Cost*:	$830,236

Construction Financing	
Source	Amount
JPMorgan Chase	$22,569,939
Alameda County Measure A1	$4,400,000
City of Oakland	$2,340,000
Costs Deferred to Perm	$1,382,249
Tax Credit Equity	$8,000,000

Permanent Financing	
Source	Amount
JPMorgan Chase	$3,885,813
Alameda County (Measure A1)	$6,447,872
City of Oakland	$2,600,000
HCD - SHMHP	$10,759,479
Deferred Developer Fee	$1,962,459
Tax Credit Equity	$13,036,565
TOTAL	**$38,692,188**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$30,603,404
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$39,784,425
Applicable Rate:	3.30%
Total Maximum Annual Federal Credit:	$1,312,885
Approved Developer Fee (in Project Cost & Eligible Basis):	$3,991,748
Investor/Consultant:	Raymond James Tax Credit Funds, Inc.
Federal Tax Credit Factor:	$0.99297

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:	$30,603,404
Actual Eligible Basis:	$30,603,404
Unadjusted Threshold Basis Limit:	$15,386,782
Total Adjusted Threshold Basis Limit:	$37,072,077

Adjustments to Basis Limit

Required to Pay State or Federal Prevailing Wages
Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels
100% of the Low Income Units for Special Needs Population
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: 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 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 project's cost of $874,595 per unit is attributed to the historically high labor and materials costs affecting Bay Area projects. The combination of city, county and state funding will trigger local hiring, prevailing wage and compliance monitoring requirements, also adding to cost.

The project owner will pay all tenant utilities costs.

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.