

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
December 11, 2019**

Granite Pointe Apartments, located at 6311 Foothill Boulevard, 1495 E. 22nd Street and 2000 International Boulevard in Oakland, requested and is being recommended for a reservation of \$1,181,827 in annual federal tax credits to finance the acquisition and rehabilitation of 98 units of housing serving large families with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by MRK Partners Inc. and is located in Senate District 9 and Assembly District 18.

**Project Number** CA-19-602

**Project Name** Granite Pointe Apartments

Site Addresses: 6311 Foothill Boulevard 1495 E. 22nd Street  
Oakland, CA 94606 Oakland, CA 94606

Census Tracts: 4087.00 4059.02

Site Address: 2000 International  
Boulevard

Census Tract: 4059.01

County: Alameda

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,181,827	\$0
Recommended:	\$1,181,827	\$0

**Applicant Information**

Applicant: Oakland Venture LP  
Contact: Cathy Coler  
Address: 2711 N. Sepulveda Blvd., #526  
Manhattan Beach, CA 90266  
Phone: 424-999-4580  
Email: ccoler@mrkpartners.com

General Partner(s) or Principal Owner(s): Oakland GP DE LLC  
PSCDC Oakland LLC  
General Partner Type: For Profit  
Parent Company(ies): MRK Partners Inc.  
Pacific Southwest Community Development  
Corporation  
Developer: MRK Partners Inc.  
Investor/Consultant: R4 Capital LLC  
Management Agent: WinnCompanies

**Project Information**

Construction Type: Acquisition & Rehabilitation  
 Total # Residential Buildings: 7  
 Total # of Units: 99  
 No. / % of Low Income Units: 98 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt

**Bond Information**

Issuer: CalHFA  
 Expected Date of Issuance: January 15, 2020

**Information**

Housing Type: Large Family  
 Geographic Area: East Bay Region  
 TCAC Project Analyst: Ruben Barcelo

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
50% AMI: 12	12%
60% AMI: 86	88%

**Unit Mix**

1 SRO/Studio Units  
 19 1-Bedroom Units  
 65 2-Bedroom Units  
14 3-Bedroom Units  
 99 Total Units

<u>Unit Type &amp; Number</u>	<u>2019 Rents Targeted % of Area Median Income</u>	<u>2019 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 SRO/Studio	50%	50%	\$1,085
18 1 Bedroom	60%	60%	\$1,395
7 2 Bedrooms	50%	50%	\$1,395
58 2 Bedrooms	60%	60%	\$1,674
4 3 Bedrooms	50%	50%	\$1,611
10 3 Bedrooms	60%	60%	\$1,933
1 1 Bedroom	Manager's Unit	Manager's Unit	\$1,324

**Project Cost Summary at Application**

Land and Acquisition	\$25,635,000
Construction Costs	\$0
Rehabilitation Costs	\$4,653,393
Construction Hard Cost Contingency	\$404,643
Soft Cost Contingency	\$35,000
Relocation	\$30,000
Architectural/Engineering	\$369,000
Const. Interest, Perm. Financing	\$1,147,348
Legal Fees	\$365,000
Reserves	\$478,636
Other Costs	\$549,196
Developer Fee	\$4,544,361
Commercial Costs	\$0
<b>Total</b>	<b>\$38,211,577</b>

**Residential**

Construction Cost Per Square Foot:	\$51
Per Unit Cost:	\$385,976
True Cash Per Unit Cost*:	\$349,068

**Construction Financing**

Source	Amount
CBRE	\$21,092,000
City of Oakland Loan	\$2,120,151
Deferred Developer Fee	\$3,653,886
Tax Credit Equity	\$11,345,540

**Permanent Financing**

Source	Amount
CBRE	\$21,092,000
City of Oakland Loan	\$2,120,151
Deferred Developer Fee	\$3,653,886
Tax Credit Equity	\$11,345,540
<b>TOTAL</b>	<b>\$38,211,577</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$6,920,628
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$28,196,480
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$8,996,816
Qualified Basis (Acquisition):	\$28,196,480
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	\$251,343
Maximum Annual Federal Credit, Acquisition:	\$930,484
Total Maximum Annual Federal Credit:	\$1,181,827
Approved Developer Fee (in Project Cost & Eligible Basis):	\$4,544,361
Investor/Consultant:	R4 Capital LLC
Federal Tax Credit Factor:	\$0.96000

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:	\$35,117,107
Actual Eligible Basis:	\$35,117,107
Unadjusted Threshold Basis Limit:	\$41,982,344
Total Adjusted Threshold Basis Limit:	\$47,020,225

**Adjustments to Basis Limit**

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 12%

**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**

This project involves the rehabilitation of 3 scattered sites in the city of Oakland.

**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.