

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**January 15, 2020**

Adcock Joyner Apartments, located at 516 16th Street in Oakland, requested \$795,256 and is being recommended for a reservation of \$789,142 in annual federal tax credits to finance the acquisition and rehabilitation of 49 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by 532 16th Street, Inc. and is located in Senate District 9 and Assembly District 18.

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

**Project Number** CA-20-449

**Project Name** Adcock Joyner Apartments  
 Site Address: 516 16th Street  
 Oakland, CA 94612 County: Alameda  
 Census Tract: 4028.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$789,142	\$0
Recommended:	\$789,142	\$0

**Applicant Information**

Applicant: Adcock Joyner Preservation, LP  
 Contact: Costlo Moore  
 Address: 532 16th Street  
 Oakland, CA 94612  
 Phone: 510-839-0248  
 Email: adcock-joyner@sbcglobal.net

General Partner(s) or Principal Owner(s): Adcock Joyner Apartments, LLC  
 General Partner Type: Nonprofit  
 Parent Company(ies): 532 16th Street, Inc.  
 Developer: 532 16th Street, Inc.  
 Investor/Consultant: PNC Real Estate Tax Credit Capital  
 Management Agent: 532 16th Street Inc.

**Project Information**

Construction Type: Acquisition & Rehabilitation  
 Total # Residential Buildings: 1  
 Total # of Units: 50  
 No. / % of Low Income Units: 49 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project Based Contract (49 units - 100%)

**Bond Information**

Issuer: California Municipal Finance Authority  
 Expected Date of Issuance: April 1, 2020  
 Credit Enhancement: Fannie Mae

**Information**

Housing Type: Non-Targeted  
 Geographic Area: East Bay Region  
 TCAC Project Analyst: Marlene McDonough

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
50% AMI: 18	37%
60% AMI: 31	63%

**Unit Mix**

25 SRO/Studio Units  
 25 1-Bedroom Units  


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 50 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>
9 SRO/Studio	50%	50%	\$1,084
16 SRO/Studio	60%	60%	\$1,301
9 1 Bedroom	50%	50%	\$1,162
15 1 Bedroom	60%	60%	\$1,394
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$16,945,946
Construction Costs	\$0
Rehabilitation Costs	\$2,004,999
Construction Hard Cost Contingency	\$300,750
Soft Cost Contingency	\$150,000
Relocation	\$122,500
Architectural/Engineering	\$187,000
Const. Interest, Perm. Financing	\$1,593,750
Legal Fees	\$180,000
Reserves	\$241,526
Other Costs	\$210,293
Developer Fee	\$2,500,000
Commercial Costs	\$2,054,054
<b>Total</b>	<b>\$26,490,818</b>

**Residential**

Construction Cost Per Square Foot:	\$63
Per Unit Cost:	\$488,735
True Cash Per Unit Cost*:	\$343,689

**Construction Financing**

Source	Amount
PNC Real Estate A Bond	\$8,575,000
PNC Real Estate B Bond	\$4,125,000
Seller Carryback Loan	\$8,500,000
Deferred Developer Fee	\$806,362
Tax Credit Equity	\$4,484,456

**Permanent Financing**

Source	Amount
PNC Real Estate A Bond	\$8,575,000
Seller Carryback Loan	\$8,500,000
Deferred Developer Fee	\$1,840,060
Tax Credit Equity	\$7,575,758
<b>TOTAL</b>	<b>\$26,490,818</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$5,184,116
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$18,346,133
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$6,739,351
Qualified Basis (Acquisition):	\$18,346,133
Applicable Rate:	3.24%
Maximum Annual Federal Credit, Rehabilitation:	\$194,727
Maximum Annual Federal Credit, Acquisition:	\$594,415
Total Maximum Annual Federal Credit:	\$789,142
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	PNC Real Estate Tax Credit Capital
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:	\$23,530,249
Actual Eligible Basis:	\$23,530,249
Unadjusted Threshold Basis Limit:	\$16,346,900
Total Adjusted Threshold Basis Limit:	\$23,866,474

**Adjustments to Basis Limit**

- 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: 36%

**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**

Pursuant to TCAC Regulation Section 10326(g)(5), general partners and management companies lacking documented experience with Section 42 requirements using the minimum scoring standards at Section 10325(c)(2)(A) and (B) shall be required to complete training as prescribed by TCAC prior to a project’s placing in service.

**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.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

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.