

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**Tax-Exempt Bond Project**

**January 15, 2020**

1601 Oxford, located at the corner of Cedar Street and Oxford Street in Berkeley, requested and is being recommended for a reservation of \$800,855 in annual federal tax credits and \$1,530,041 in total state tax credits to finance the new construction of 34 units of housing serving seniors with rents affordable to households earning 20%-60% of area median income (AMI). The project will be developed by Satellite Affordable Housing Associates 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 NPLH.

**Project Number** CA-20-416

**Project Name** 1601 Oxford  
**Site Address:** 1601-1607 Oxford Street  
Berkeley, CA 94709 **County:** Alameda  
**Census Tract:** 4224.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$800,855	\$1,530,041
Recommended:	\$800,855	\$1,530,041

\* The applicant made an election to sell (Certificate) all or any portion of the state credits.

**Applicant Information**

**Applicant:** Jordan L.P.  
**Contact:** Carrie Lutjens  
**Address:** 1835 Alcatraz Avenue  
Berkeley, CA 94703  
**Phone:** (510) 809-2728  
**Email:** clutjens@sahahomes.org

**General Partner(s) or Principal Owner(s):** Jordan House LLC  
**General Partner Type:** Nonprofit  
**Parent Company(ies):** Satellite Affordable Housing Associates  
**Developer:** Satellite Affordable Housing Associates  
**Investor/Consultant:** California Housing Partnership Corporation  
**Management Agent:** Satellite Affordable Housing Associates PM

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 35  
 No. / % of Low Income Units: 34 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (24 Units - 70%)

**Bond Information**

Issuer: California Municipal Finance Authority  
 Expected Date of Issuance: June 1, 2020  
 Credit Enhancement: N/A

**Information**

Housing Type: Seniors  
 Geographic Area: East Bay Region  
 TCAC Project Analyst: Carmen Doonan

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI: 12	35%
50% AMI: 11	32%
60% AMI: 11	32%

**Unit Mix**

34 SRO/Studio Units  
 1 2-Bedroom Units  


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 35 Total Units

<b>Unit Type &amp; Number</b>	<b>2019 Rents Targeted % of Area Median Income</b>	<b>2019 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
7 SRO/Studio	20%	20%	\$434
5 SRO/Studio	30%	30%	\$651
11 SRO/Studio	50%	50%	\$1,085
1 SRO/Studio	60%	60%	\$1,302
10 SRO/Studio	60%	60%	\$1,302
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$488,941
Construction Costs	\$13,331,586
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$670,863
Soft Cost Contingency	\$162,839
Relocation	\$197,625
Architectural/Engineering	\$1,012,394
Const. Interest, Perm. Financing	\$1,349,617
Legal Fees	\$19,763
Reserves	\$369,949
Other Costs	\$1,025,887
Developer Fee	\$2,319,329
Commercial Costs	\$4,792,809
<b>Total</b>	<b>\$25,741,602</b>

**Residential**

Construction Cost Per Square Foot:	\$538
Per Unit Cost:	\$584,654
True Cash Per Unit Cost*:	\$467,294

**Construction Financing**

<u>Source</u>	<u>Amount</u>
Wells Fargo	\$14,132,500
Alameda County - A1 Bonds	\$1,700,000
City of Berkeley	\$6,025,000
AHP	\$340,000
Accrued Interest	\$240,313
Deferred Cost	\$1,598,953
Land Contribution	\$1
Deferred Developer Fee	\$374,403
Tax Credit Equity	\$1,330,432

**Permanent Financing**

<u>Source</u>	<u>Amount</u>
CCRC	\$1,042,000
HCD - No Place Like Home	\$2,370,595
Alameda County - A1 Bonds	\$5,834,096
City of Berkeley	\$6,025,000
AHP	\$340,000
Accrued Interest	\$240,313
Land Contribution	\$1
General Partner Contribution	\$485,200
Deferred Developer Fee	\$374,403
Tax Credit Equity	\$9,029,994
<b>TOTAL</b>	<b>\$25,741,602</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$19,013,642
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$24,717,735
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$800,855
Total State Credit:	\$2,137,416
Approved Developer Fee in Project Cost:	\$2,319,329
Approved Developer Fee in Eligible Basis:	\$1,833,429
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.97470
State Tax Credit Factor:	\$0.80000

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:	\$19,013,642
Actual Eligible Basis:	\$19,013,642
Unadjusted Threshold Basis Limit:	\$10,748,404
Total Adjusted Threshold Basis Limit:	\$25,688,685

**Adjustments to Basis Limit**

- Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages
- Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels
- 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: 32%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 70%

**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 3.24% 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.

**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.