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

Rosefield Village, located at 727 Buena Vista Avenue in Alameda, requested and is being recommended for a reservation of $2,327,565 in annual federal tax credits and $2,691,000 in total state tax credits to finance the new construction and acquisition and rehabilitation of 89 units of housing serving large families with rents affordable to households earning 50-80% of area median income (AMI). The project will be developed by Island City Development and will be located in Senate District 9 and Assembly

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

Project Number	CA-20-442	
Project Name	Rosefield Village	
Site Address:	727 Buena Vista Avenue	
	Alameda, CA 94501	County: Alameda
Census Tract:	4273.00	

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$2,327,565	$2,691,000
Recommended:	$2,327,565	$2,691,000

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

Applicant Information

Applicant:	Island City Development
Contact:	Tony Weng
Address:	701 Atlantic Avenue Alameda, CA 94501
Phone:	510-747-4339
Email:	tweng@alamedahsg.org

General Partner(s) or Principal Owner(s):	Rosefield LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Housing Authority of the City of Alameda Island City Development
Developer:	Island City Development
Investor/Consultant:	Community Economics, Inc.
Management Agent:	The John Stewart Company

Project Information

Construction Type:	New Construction / Acquisition & Rehabilitation	
Total # Residential Buildings:	7	
Total # of Units:	92	
No. / % of Low Income Units:	89	97.80%
Federal Set-Aside Elected:	40%/60% Average Income	
Federal Subsidy:	Tax-Exempt / HOME / CDBG / HUD Section 8 Project-based Vouchers (25 units - 27%)	

Bond Information

Issuer:	California Municipal Finance Authority
Expected Date of Issuance:	June 1, 2020

Information

Housing Type:	Large Family
Geographic Area:	East Bay Region
TCAC Project Analyst:	Tiffani Negrete

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
50% AMI:	52	58%
60% AMI:	30	34%
80% AMI:	9	10%

Unit Mix

7	SRO/Studio Units
35	1-Bedroom Units
27	2-Bedroom Units
23	3-Bedroom Units
92	Total Units

	Unit Type & Number	2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
7	SRO/Studio	50%	20%	$434
11	1 Bedroom	50%	20%	$465
5	1 Bedroom	50%	30%	$697
6	1 Bedroom	50%	50%	$1,162
11	1 Bedroom	60%	60%	$1,395
2	1 Bedroom	80%	78%	$1,808
2	2 Bedrooms	50%	30%	$837
10	2 Bedrooms	50%	50%	$1,395
9	2 Bedrooms	60%	60%	$1,674
5	2 Bedrooms	80%	78%	$2,173
3	3 Bedrooms	50%	30%	$966
8	3 Bedrooms	50%	50%	$1,611
10	3 Bedrooms	60%	60%	$1,933
2	3 Bedrooms	80%	80%	$2,578
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$18,275,451
Construction Costs	$37,476,850
Rehabilitation Costs	$1,469,000
Construction Hard Cost Contingency	$3,973,035
Soft Cost Contingency	$171,000
Relocation	$250,000
Architectural/Engineering	$2,220,000
Const. Interest, Perm. Financing	$3,837,993
Legal Fees	$190,000
Reserves	$973,701
Other Costs	$2,312,586
Developer Fee	$5,000,000
Commercial Costs	$0
Total	**$76,149,615**

Residential	
Construction Cost Per Square Foot:	$441
Per Unit Cost:	$827,713
True Cash Per Unit Cost*:	$620,198

Construction Financing	
Source	Amount
Silicon Valley Bank - T.E. Bonds	$40,927,500
CDBG - Assumed	$618,569
Seller Carryback Loan	$16,591,431
City of Alameda - HOME	$391,680
AHA - AUSD**	$600,000
Alameda County - Measure A1	$8,093,414
City of Alameda - Fee Waiver	$1,000,000
Tax Credit Equity	$2,500,000

Permanent Financing	
Source	Amount
CCRC - T.E. Bonds	$5,702,200
CCRC - Tranche B	$5,273,700
CDBG - Assumed	$618,569
Seller Carryback Loan	$16,591,431
City of Alameda - HOME	$391,680
AHA - AUSD**	$6,660,000
Alameda County - Measure A1	$8,093,414
Alameda Housing Authority	$3,990,689
City of Alameda - Fee Waiver	$1,000,000
Deferred Developer Fee	$1,500,000
General Partner Equity	$1,500,000
Tax Credit Equity	$24,827,932
TOTAL	**$76,149,615**

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee
**Alameda Housing Authority and Alameda Unified School District

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$52,875,198
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$4,715,000
Applicable Fraction:	97.80%
Qualified Basis (Rehabilitation):	$67,227,037
Qualified Basis (Acquisition):	$4,611,374
Applicable Rate:	3.24%
Maximum Annual Federal Credit, Rehabilitation:	$2,178,156
Maximum Annual Federal Credit, Acquisition:	$149,409
Total Maximum Annual Federal Credit:	$2,327,565
Total State Credit:	$2,691,000
Approved Developer Fee (in Project Cost & Eligible Basis):	$5,000,000
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	$0.97420
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:	$57,590,198
Actual Eligible Basis:	$57,590,198
Unadjusted Threshold Basis Limit:	$38,222,148
Total Adjusted Threshold Basis Limit:	$71,475,417

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

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: 57%

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

The Housing Authority of the City of Alameda (AHA) currently owns a multifamily, wood frame and modular style property built in the 1970s and known as Rosefield Village, which has no affordability restrictions recorded against the property. The original property was comprised of 40 modular construction units on approximately 1.5 acres. AHA purchased and built additional houses and apartments on the adjacent parcels, so that it is now comprised of 53 total apartment homes on approximately 2.4 acres. For the proposed project, the 40 modular units will be demolished and replaced with 78 new units of restricted affordable housing. Additionally, ten of the existing units, comprised of three triplexes and a single family home will be rehabilitated and become restricted affordable housing. (The state credits have been calculated using the eligible basis for the additional units. TCAC will not allocate these state tax credits for re-construction of demolished housing projects.)

At place-in-service, any units not occupied by income-qualified tenants will be not considered tax credit units and the applicable fraction will be adjusted accordingly. The recorded TCAC regulatory agreement will also require that upon turnover the unit(s) must be occupied by income-qualified tenants.

The reservation of tax credits is contingent upon verification by HUD of the rental subsidy contract rent amounts within 180 days of the date of reservation.

The applicant requested and has been denied a waiver of the minimum construction standards for 2 market rate units. For TCAC minimum construction standards under TCAC Regulation Section 10325(f)(7)(B) through (I), if items are not being replaced, a waiver is not needed and therefore not applicable. For the energy efficiency improvements requirement of 10325(f)(7)(A), the waiver request has been denied.

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.