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

LakeHouse Commons Affordable Apartments, located at 121 E. 12th Street in Oakland, requested and is being recommended for a reservation of $2,394,382 in annual federal tax credits and $6,549,646 in total state tax credits to finance the to finance the new construction of 90 units of housing serving tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by East Bay Asian Local Development Corporation and will be located in Senate District 9 and Assembly District 18.

The project financing includes state funding from the AHSC program of HCD.

Project Number CA-20-456

Project Name LakeHouse Commons Affordable Apartments
Site Address: 121 E. 12th Street
Oakland, CA 94606 County: Alameda
Census Tract: 4060.00

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$2,394,382	$6,549,646
Recommended:	$2,394,382	$6,549,646

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant:	LakeHouse Commons Affordable Housing, LP
Contact:	Liz Probst
Address:	1825 San Pablo Ave. Ste. 200 Oakland, CA 94612
Phone:	510-606-1825
Email:	lprobst@ebaldc.org

General Partner(s) or Principal Owner(s):	Lakehouse Affordable LLC
General Partner Type:	Nonprofit
Parent Company(ies):	East Bay Asian Local Development Corporation
Developer:	East Bay Asian Local Development Corporation
Investor/Consultant:	California Housing Partnership Corporation
Management Agent:	FPI Management

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	1	
Total # of Units:	91	
No. / % of Low Income Units:	90	100.00%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt	

Bond Information

Issuer:	California Housing Finance Agency
Expected Date of Issuance:	July 1, 2020

Information

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

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	29	32%
40% AMI:	4	4%
50% AMI:	6	7%
60% AMI:	51	57%

Unit Mix

42	SRO/Studio Units
29	1-Bedroom Units
16	2-Bedroom Units
4	3-Bedroom Units
91	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	20%	20%	$434
2	1 Bedroom	20%	20%	$465
6	SRO/Studio	30%	30%	$652
9	1 Bedroom	30%	30%	$697
10	2 Bedrooms	30%	30%	$837
4	1 Bedroom	40%	40%	$930
6	SRO/Studio	50%	50%	$1,086
28	SRO/Studio	60%	60%	$1,303
14	1 Bedroom	60%	60%	$1,395
5	2 Bedrooms	60%	60%	$1,674
4	3 Bedrooms	60%	60%	$1,933
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$3,762,308
Construction Costs	$35,931,894
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$2,880,689
Soft Cost Contingency	$326,654
Relocation	$0
Architectural/Engineering	$3,108,885
Const. Interest, Perm. Financing	$5,035,989
Legal Fees	$399,230
Reserves	$881,539
Other Costs	$4,585,190
Developer Fee	$6,761,498
Commercial Costs	$510,430
Total	**$64,184,307**

Residential

Construction Cost Per Square Foot:	$499
Per Unit Cost:	$699,713
True Cash Per Unit Cost*:	$688,838

Construction Financing

Source	Amount
Wells Fargo - TE Loan	$36,400,000
Wells Fargo - Loan	$8,179,371
Wells Fargo - Loan	$1,815,000
City of Oakland Land Loan	$3,382,500
HCD AHSC HRI	$4,485,000
Deferred Cost	$1,040,773
Deferred Developer Fee	$1,500,000
GP Capital Contribution	$4,432,030
Tax Credit Equity	$2,949,633

Permanent Financing

Source	Amount
CalHFA Loan	$6,950,000
CalHFA Subordinate Loan	$3,000,000
City of Oakland Land Loan	$3,382,500
HCD AHSC	$10,946,306
HCD AHSC HRI	$4,485,000
Deferred Developer Fee	$1,500,000
GP Capital Contribution	$4,432,030
Tax Credit Equity	$29,488,471
TOTAL	**$64,184,307**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$56,846,671
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$73,900,672
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	$2,394,382
Total State Credit:	$6,549,646
Approved Developer Fee (in Project Cost & Eligible Basis):	$6,761,498
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$1.01000
State Tax Credit Factor:	$0.81000

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:	$56,846,671
Actual Eligible Basis:	$56,846,671
Unadjusted Threshold Basis Limit:	$31,831,670
Total Adjusted Threshold Basis Limit:	$67,483,141

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: 11%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 64%

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
Development costs are roughly $699,713 per unit. The factors affecting cost include the City of Oakland prevailing wage requiement, as well as underground improvements including subterranean parking.

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.