

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

Oakley Senior Apartments, located at 2605 Main Street in Oakley, requested and is being recommended for a reservation of \$1,598,381 in annual federal tax credits and \$10,849,420 in total state tax credits to finance the new construction of 115 units of housing serving seniors with rents affordable to households earning 50%-80% of area median income (AMI). The project will be developed by Highridge Costa Development Company, LLC and will be located in Senate District 7 and Assembly District 11.

The project financing includes state funding from the Mixed Income Program through CalHFA.

**Project Number** CA-20-426

**Project Name** Oakley Senior Apartments  
**Site Address:** 2605 Main Street  
Oakley, CA 94561 County: Contra Costa  
**Census Tract:** 3020.05

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$1,598,381	\$10,849,420
Recommended:	\$1,598,381	\$10,849,420

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

**Applicant Information**

**Applicant:** Oakley Senior Housing, LP  
**Contact:** Mohannad Mohanna  
**Address:** 330 W. Victoria Street  
Gardena, CA 90248  
**Phone:** (424) 258-2800  
**Email:** moe.mohanna@housingpartners.com

**General Partner(s) or Principal Owner(s):** WCH Affordable LI  
Highridge Costa Development Company, LLC  
**General Partner Type:** Joint Venture  
**Parent Company(ies):** Western Communit Housing, Inc.  
Highridge Costa Housing Partners, LLC  
**Developer:** Highridge Costa Development Company, LLC  
**Investor/Consultant:** Victoria Capital, LLC  
**Management Agent:** WinnResidential California, LP

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 130  
 No. / % of Low Income Units: 115 89.15%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt

**Bond Information**

Issuer: CalHFA  
 Expected Date of Issuance: June 11, 2020

**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>
50% AMI: 34	30%
60% AMI: 70	61%
80% AMI: 11	10%

**Unit Mix**

98 1-Bedroom Units  
 32 2-Bedroom Units  


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 130 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>
22 1 Bedroom	50%	50%	\$1,162
56 1 Bedroom	60%	60%	\$1,395
9 1 Bedroom	80%	66%	\$1,538
12 2 Bedrooms	50%	50%	\$1,395
14 2 Bedrooms	60%	60%	\$1,674
2 2 Bedrooms	80%	65%	\$1,816
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$1,674
11 1 Bedroom	Market Rate Unit	Market Rate Unit	\$1,804
3 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$2,237

**Project Cost Summary at Application**

Land and Acquisition	\$3,176,664
Construction Costs	\$25,036,624
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,202,372
Soft Cost Contingency	\$198,000
Relocation	\$0
Architectural/Engineering	\$1,737,270
Const. Interest, Perm. Financing	\$2,562,093
Legal Fees	\$239,900
Reserves	\$1,560,297
Other Costs	\$6,535,130
Developer Fee	\$5,018,499
Commercial Costs	\$728,209
<b>Total</b>	<b>\$47,995,058</b>

**Residential**

Construction Cost Per Square Foot:	\$231
Per Unit Cost:	\$363,591
True Cash Per Unit Cost*:	\$344,350

**Construction Financing**

Source	Amount
Citibank (Tax Exempt)	\$27,000,000
Citibank (Taxable)	\$10,836,000
Costs Paid at Permanent Closing	\$5,109,079
Tax Credit Equity	\$5,049,979

**Permanent Financing**

Source	Amount
Citibank (Permanent Financing)	\$17,835,591
CalHFA (Mixed Income Program)	\$5,160,000
Deferred Developer Fee Note	\$2,539,930
Tax Credit Equity	\$22,459,537
<b>TOTAL</b>	<b>\$47,995,058</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$42,568,061
130% High Cost Adjustment:	Yes
Applicable Fraction:	89.15%
Qualified Basis:	\$49,332,753
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$1,598,381
Total State Credit:	\$10,849,420
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,018,499
Investor/Consultant:	Victoria Capital, LLC
Federal Tax Credit Factor:	\$0.93000
State Tax Credit Factor:	\$0.70000

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:	\$42,568,061
Actual Eligible Basis:	\$42,568,061
Unadjusted Threshold Basis Limit:	\$49,282,938
Total Adjusted Threshold Basis Limit:	\$70,956,685

**Adjustments to Basis Limit**

- Local Development Impact Fees
- 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: 26%

**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.