CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 14, 2020

Frank G Mar Apartments, located at 283 13th Street in Oakland, requested and is being recommended for a reservation of $2,541,454 in annual federal tax credits to finance the acquisition and rehabilitation of 117 units of housing serving tenants with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by East Bay Asian Local Development Corporation and is located in Senate District 9 and Assembly District 18.

Frank G Mar Apartments is a former Low Income Housing Tax Credit (LIHTC) project, Frank G. Mar Community Housing (CA-89-157) with a TCAC regulatory agreement and restrictions that expired on December 31, 2019.

Project Number CA-20-543

Project Name Frank G Mar Apartments
Site Address: 283 13th Street
Oakland, CA 94612 County: Alameda
Census Tract: 4030.00

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,541,454	$0
Recommended:	$2,541,454	$0

Applicant Information
Applicant: Frank G Mar, L.P.
Contact: Andrew Matsas, Project Manager
Address: 1825 San Pablo Avenue, Suite 200
Oakland, CA 94612
Phone: 510-606-1795
Email: amatsas@ebaldc.org

General Partner(s) or Principal Owner(s): Frank G Mar 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: East Bay Asian Local Development Corporation

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	1
Total # of Units:	119
No. / % of Low Income Units:	117 100.00%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt

Bond Information

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

Information

Housing Type:	Non-Targeted
Geographic Area:	East Bay Region
TCAC Project Analyst:	Jack Waegell

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	30	26%
50% AMI:	32	27%
60% AMI:	35	30%
80% AMI:	20	17%

Unit Mix

51	1-Bedroom Units
35	2-Bedroom Units
27	3-Bedroom Units
6	4-Bedroom Units
119	Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
22	1 Bedroom	30%	30%	$697
5	2 Bedrooms	30%	30%	$837
2	3 Bedrooms	30%	30%	$967
1	4 Bedrooms	30%	30%	$1,078
13	2 Bedrooms	50%	35%	$970
2	2 Bedrooms	50%	50%	$1,395
9	3 Bedrooms	50%	40%	$1,301
6	3 Bedrooms	50%	50%	$1,611
2	4 Bedrooms	50%	41%	$1,471
21	1 Bedroom	60%	40%	$933
3	1 Bedroom	60%	60%	$1,394
9	2 Bedrooms	60%	44%	$1,237
2	3 Bedrooms	60%	45%	$1,445
4	1 Bedroom	80%	53%	$1,229
1	1 Bedroom	80%	70%	$1,628
4	2 Bedrooms	80%	42%	$1,176
7	3 Bedrooms	80%	41%	$1,328
1	3 Bedrooms	80%	70%	$2,266
2	4 Bedrooms	80%	37%	$1,337
1	4 Bedrooms	80%	72%	$2,600
2	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$40,881,264
Construction Costs	$0
Rehabilitation Costs	$12,593,681
Construction Hard Cost Contingency	$3,286,731
Soft Cost Contingency	$293,215
Relocation	$1,330,000
Architectural/Engineering	$810,000
Const. Interest, Perm. Financing	$3,474,520
Legal Fees	$105,000
Reserves	$630,644
Other Costs	$1,167,666
Developer Fee	$8,348,121
Commercial Costs	$0
Total	**$72,920,842**

Residential	
Construction Cost Per Square Foot:	$114
Per Unit Cost:	$612,780
True Cash Per Unit Cost*:	$512,004

Construction Financing

Source	Amount
Wells Fargo Bank	$38,680,982
Seller Carryback Loan	$10,492,373
City of Oakland ORA - Assumed	$4,873,227
City of Oakland ORA - Assumed	$1,747,113
City of Oakland HODAG - Assumed	$5,889,589
Cost Deferred Until Conversion	$1,701,933
GP Equity - Existing Reserves	$841,092
GP Equity - Developer Fee	$4,848,121
Deferred Developer Fee	$1,500,000
Tax Credit Equity	$2,346,412

Permanent Financing

Source	Amount
Wells Fargo Bank	$1,290,000
Seller Carryback Loan	$10,492,373
Sponsor Loan	$11,500,000
City of Oakland ORA - Assumed	$4,873,227
City of Oakland ORA - Assumed	$1,747,113
City of Oakland HODAG - Assumed	$5,889,589
City of Oakland New NOFA	$5,000,000
Income From Operations	$125,208
Deferred Developer Fee	$1,500,000
GP Equity - Developer Fee	$4,848,121
GP Equity - Existing Reserves	$841,092
Tax Credit Equity	$24,814,119
TOTAL	**$72,920,842**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$28,000,451
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$42,039,367
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$36,400,587
Qualified Basis (Acquisition):	$42,039,367
Applicable Rate:	3.24%
Maximum Annual Federal Credit, Rehabilitation:	$1,179,379
Maximum Annual Federal Credit, Acquisition:	$1,362,075
Total Maximum Annual Federal Credit:	$2,541,454
Approved Developer Fee in Project Cost:	$8,348,121
Approved Developer Fee in Eligible Basis:	$8,348,120
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$0.97637

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:	$70,039,818
Actual Eligible Basis:	$70,039,818
Unadjusted Threshold Basis Limit:	$59,234,340
Total Adjusted Threshold Basis Limit:	$110,768,216

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: 27%
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 50%

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 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
This project is a former low-income housing tax credit project, CA-89-157. Its 30-year TCAC regulatory agreement and restrictions expired on December 31, 2019. Existing households must be re-qualified for this new reservation of tax credits. The existing households are NOT “grandfathered” as qualified tax-credit households when the project places in service as CA-20-543. The applicant should consult TCAC compliance staff with questions about the re-qualification. The applicant currently anticipates that 10 of the current households will be over-income and require permanent relocation. The estimated permanent relocation benefits for these tenants is $390,000, with these costs excluded from eligible basis.

The project's estimated project cost per unit is $612,780. This cost estimate takes into account the project's significant acquisition price based on its appraised value of $37,000,000, or $310,924 per unit. This project is located in a prime downtown location and includes high-demand, large-family sized units. In addition, the project's scope of rehabilitation is extensive with the site work and structures costs alone estimated at $94,673 per unit in order to bring the project up to current standards for safety, accessibility, energy efficiency, and to modernize of the community facilities to meet the needs of the tenants. The project's estimated relocation cost is $2,000,000, or $16,806 per unit, for both temporary relocation and the permanent relocation of current tenants who do not re-qualify as tax-credit eligible tenants.

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.