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

The Atchison, located at 2575 Railroad Avenue in Pittsburg, requested and is being recommended for a reservation of $3,123,911 in annual federal tax credits and $14,927,646 in total state tax credits to finance the new construction of 200 units of housing with rents affordable to households earning 50-70% of area median income (AMI). The project will be developed by Corporation for Better Housing and will be located in Senate District 7 and Assembly District 11.

The project financing includes state funding from CalHFA's Mixed-Income Program (MIP).

Project Number CA-20-519

Project Name The Atchison
Site Address: 2575 Railroad Avenue
Pittsburg, CA 94565 County: Contra Costa
Census Tract: 3131.01

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$3,123,911	$14,927,646
Recommended:	$3,123,911	$14,927,646

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

Applicant Information

Applicant:	2575 Railroad Ave., L.P.
Contact:	Lori Koester
Address:	20750 Ventura Blvd., Suite 155 Woodland Hills, CA 91364
Phone:	818-905-2430
Email:	lkoester@corpoffices.org

General Partner(s) or Principal Owner(s):	Corporation for Better Housing Integrated Community Development
General Partner Type:	Joint Venture
Parent Company(ies):	Corporation for Better Housing Integrated Community Development
Developer:	Corporation for Better Housing
Investor/Consultant:	Alliant Capital, Ltd
Management Agent:	WinnResidential

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	2
Total # of Units:	202
No. / % of Low Income Units:	200 100.00%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt
Utility Allowance:	CUAC

Bond Information

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

Information

Housing Type:	Non-Targeted
Geographic Area:	East Bay Region
TCAC Project Analyst:	Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	100	50%
70% AMI:	100	50%

Unit Mix

20	SRO/Studio Units
122	1-Bedroom Units
60	2-Bedroom Units
202	Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
10	SRO/Studio	50%	50%	$1,085
10	SRO/Studio	70%	70%	$1,519
60	1 Bedroom	50%	50%	$1,162
60	1 Bedroom	70%	70%	$1,627
30	2 Bedrooms	50%	50%	$1,395
30	2 Bedrooms	70%	70%	$1,953
2	1 Bedroom	Manager's Unit	Manager's Unit	$0

Project Cost Summary at Application

Land and Acquisition	$4,800,000
Construction Costs	$48,971,197
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$2,448,560
Soft Cost Contingency	$752,171
Relocation	$0
Architectural/Engineering	$1,114,210
Const. Interest, Perm. Financing	$8,123,134
Legal Fees	$262,593
Reserves	$838,267
Other Costs	$8,913,302
Developer Fee	$8,307,150
Commercial Costs	$5,584,638
Total	**$90,115,222**

Residential

Construction Cost Per Square Foot:	$258
Per Unit Cost:	$418,468
True Cash Per Unit Cost*:	$392,055

Construction Financing

Source	Amount
Pacific Western Bank	$47,100,000
Pacific Western Bank Taxable Loan	$22,700,000
Tax Credit Equity	$11,153,455

Permanent Financing

Source	Amount
CalHFA Loan	$32,000,000
CalHFA MIP Loan	$10,700,000
Deferred Developer Fee	$5,688,016
Solar Credit Equity	$732,654
Tax Credit Equity	$40,994,552
TOTAL	**$90,115,222**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$74,166,924
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$96,417,001
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	$3,123,911
Total State Credit:	$14,927,646
Approved Developer Fee (in Project Cost & Eligible Basis):	$8,307,150
Investor/Consultant:	Alliant Capital, Ltd
Federal Tax Credit Factor:	$0.93000
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:	$74,166,924
Actual Eligible Basis:	$74,166,924
Unadjusted Threshold Basis Limit:	$76,385,462
Total Adjusted Threshold Basis Limit:	$122,216,739

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: 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, with the exception of the applicant's estimate of contractor profit, overhead and general requirements, see "Significant Information / Additional Conditions" note below. 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 applicant has requested the use of a CUAC utility allowance. TCAC staff is in the process of reviewing the CUAC documentation for this project. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

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.