CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 9, 2020

Hacienda, located at 1300 Roosevelt Avenue in Richmond, requested and is being recommended for a reservation of $2,723,246 in annual federal tax credits to finance the acquisition and rehabilitation of 148 units of housing serving seniors with rents affordable to households earning 20-50% of area median income (AMI). The project will be developed by Mercy Housing California and is located in Senate District 9 and Assembly District 15.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from HCD's MHP program.

Project Number CA-20-690

Project Name Hacienda
Site Address: 1300 Roosevelt Avenue
Richmond, CA 94801 County: Contra Costa
Census Tract: 3760.00

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,723,246	$0
Recommended:	$2,723,246	$0

Applicant Information

Applicant:	Richmond Hacienda, L.P.
Contact:	Michael Kaplan
Address:	1256 Market Street San Francisco, CA 94102
Phone:	415-355-7126
Email:	mkaplan@mercyhousing.org

General Partner(s) or Principal Owner(s):	Richmond Hacienda GP, LLC CHDC, Richmond Hacienda, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Mercy Housing California Community Housing Development Corporation of North Richmond
Developer:	Mercy Housing California
Investor/Consultant:	California Housing Partnership
Management Agent:	Mercy Housing Management Group

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	1
Total # of Units:	150
No. / % of Low Income Units:	148 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt/HUD Section 8 Project Based Vouchers (148 units-100%) /CDBG/ HOME

Bond Information

Issuer:	California Municipal Finance Authority
Expected Date of Issuance:	April 1, 2021

Information

Housing Type:	Seniors
Geographic Area:	East Bay Region
TCAC Project Analyst:	Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	100	68%
50% AMI:	48	32%

Unit Mix

24	SRO/Studio Units
114	1-Bedroom Units
12	2-Bedroom Units
150	Total Units

Unit Type & Number		2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
7	SRO/Studio	20%	20%	$457
10	SRO/Studio	30%	30%	$685
7	SRO/Studio	50%	50%	$1,142
30	1 Bedroom	20%	20%	$489
46	1 Bedroom	30%	30%	$734
37	1 Bedroom	50%	50%	$1,223
3	2 Bedrooms	20%	20%	$587
4	2 Bedrooms	30%	30%	$881
4	2 Bedrooms	50%	50%	$1,468
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0
1	1 Bedroom	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$7,398,297
Construction Costs	$0
Rehabilitation Costs	$42,222,740
Construction Hard Cost Contingency	$4,550,636
Soft Cost Contingency	$763,308
Relocation	$0
Architectural/Engineering	$2,840,000
Const. Interest, Perm. Financing	$3,856,204
Legal Fees	$120,000
Reserves	$2,434,502
Other Costs	$1,946,592
Developer Fee	$7,797,037
Commercial Costs	$0
Total	**$73,929,316**

Residential	
Construction Cost Per Square Foot:	$362
Per Unit Cost:	$492,862
True Cash Per Unit Cost*:	$456,274

Construction Financing

Source	Amount
Union Bank Tax-Exempt Loan	$37,452,605
Union Bank Taxable Loan	$11,124,055
Seller Carryback Loan	$3,430,000
Seller Carryback Loan Interest	$71,283
County CDBG HOME	$1,800,000
County CDBG HOME Interest	$117,000
GP Loan - Ferguson Foundation	$8,200,000
Deferred Costs	$3,690,879
Deferred Developer Fee	$1,986,932
General Partner Equity	$3,810,105
Tax Credit Equity	$2,246,457

Permanent Financing

Source	Amount
Union Bank Tax-Exempt Loan	$13,132,679
Seller Carryback Loan	$3,430,000
Seller Carryback Loan Interest	$71,283
County CDBG HOME	$1,800,000
County CDBG HOME Interest	$117,000
HCD MHP	$17,566,750
GP Loan - Ferguson Foundation	$8,200,000
Deferred Developer Fee	$1,986,932
General Partner Equity	$3,810,105
Tax Credit Equity	$23,814,567
TOTAL	**$73,929,316**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$61,659,817
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$3,893,050
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$80,157,762
Qualified Basis (Acquisition):	$3,893,050
Applicable Rate:	3.24%
Maximum Annual Federal Credit, Rehabilitation:	$2,597,111
Maximum Annual Federal Credit, Acquisition:	$126,135
Total Maximum Annual Federal Credit:	$2,723,246
Approved Developer Fee (in Project Cost & Eligible Basis):	$7,797,037
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	$0.87449

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:	$65,552,867
Actual Eligible Basis:	$65,552,867
Unadjusted Threshold Basis Limit:	$58,118,580
Total Adjusted Threshold Basis Limit:	$160,407,281

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: 32%
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 134%

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 building was built in 1964 as a 150-unit apartment complex but has been vacant for a number of years. The new 150-unit project will include structural retrofit, hazardous material abatement, renovation of building exterior and interior, and demolition and relocation/construction of the community building.

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.