

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
December 9, 2020**

95th & International Apartments, located at 9409 International Boulevard in Oakland, requested and is being recommended for a reservation of \$1,530,001 in annual federal tax credits to finance the new construction of 54 units of housing serving large families with rents affordable to households earning 20-50% of area median income (AMI). The project will be developed by Related Irvine Development Company, LLC and will be located in Senate District 9 and Assembly District 18.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

**Project Number** CA-20-718

**Project Name** 95th & International Apartments  
Site Address: 9409 International Boulevard  
Oakland, CA 94603 County: Alameda  
Census Tract: 4094.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,530,001	\$0
Recommended:	\$1,530,001	\$0

**Applicant Information**

Applicant: 95th & International Housing Partners, L.P.  
Contact: Frank Cardone  
Address: 18201 Von Karman Ave, Suite 900  
Irvine, CA 92612  
Phone: (949) 660-7272  
Email: fcardone@related.com

General Partner(s) or Principal Owner(s): Related/95th & International Development Co., LLC  
Acts Community Development  
General Partner Type: Joint Venture  
Parent Company(ies): The Related Companies of California, LLC  
Acts Community Development  
Developer: Related Irvine Development Company, LLC  
Investor/Consultant: MUFG Union Bank, N.A.  
Management Agent: Related Management Company, L.P.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 55  
 No. / % of Low Income Units: 54 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (27 units - 50%)

**Bond Information**

Issuer: California Municipal Finance Authority  
 Expected Date of Issuance: March 31, 2021

**Information**

Housing Type: Large Family  
 Geographic Area: East Bay Region  
 TCAC Project Analyst: Tiffani Negrete

**55-Year Use / Affordability**

<u>Aggregate Targeting</u>		<u>Percentage of</u>
<u>Number of Units</u>		<u>Affordable Units</u>
30% AMI:	14	26%
40% AMI:	5	9%
50% AMI:	35	65%

**Unit Mix**

3 SRO/Studio Units  
 24 1-Bedroom Units  
 14 2-Bedroom Units  
 14 3-Bedroom Units  


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 55 Total Units

<u>Unit Type</u>	<u>2020 Rents</u>	<u>2020 Rents Actual</u>	<u>Proposed Rent</u>
<u>&amp; Number</u>	<u>Targeted % of</u>	<u>% of Area Median</u>	<u>(including</u>
	<u>Area Median</u>	<u>Income</u>	<u>utilities)</u>
	<u>Income</u>	<u>Income</u>	
2 SRO/Studio	20%	20%	\$457
1 SRO/Studio	50%	50%	\$1,142
5 1 Bedroom	20%	20%	\$489
3 1 Bedroom	40%	40%	\$979
15 1 Bedroom	50%	50%	\$1,223
4 2 Bedrooms	20%	20%	\$587
1 2 Bedrooms	40%	40%	\$1,175
9 2 Bedrooms	50%	50%	\$1,468
3 3 Bedrooms	30%	30%	\$1,018
1 3 Bedrooms	40%	40%	\$1,357
10 3 Bedrooms	50%	50%	\$1,696
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$2,230,716
Construction Costs	\$25,667,691
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,574,861
Soft Cost Contingency	\$191,505
Relocation	\$0
Architectural/Engineering	\$1,715,888
Const. Interest, Perm. Financing	\$2,069,692
Legal Fees	\$172,355
Reserves	\$505,768
Other Costs	\$3,348,156
Developer Fee	\$3,500,000
Commercial Costs	\$2,920,069
<b>Total</b>	<b>\$44,896,702</b>

**Residential**

Construction Cost Per Square Foot:	\$453
Per Unit Cost:	\$760,509
True Cash Per Unit Cost*:	\$714,604

**Construction Financing**

Source	Amount
MUFG Union Bank - T.E. Bonds	\$23,913,000
MUFG Union Bank	\$3,418,070
Alameda County - Measure A1	\$956,341
City of Oakland - Ground Lease	\$1,210,000
City of Oakland	\$6,868,659
City of Oakland - HRI**	\$1,680,000
City of Oakland - CTI**	\$1,810,000
Deferred Reserves	\$505,768
Deferred Costs	\$23,000
Deferred Developer Fee	\$3,100,000
General Partner Equity	\$100
Tax Credit Equity	\$1,411,764

**Permanent Financing**

Source	Amount
MUFG Union Bank - T.E. Bonds	\$1,052,000
MUFG Union Bank	\$5,675,000
Alameda County - Measure A1	\$956,341
City of Oakland - Ground Lease	\$1,210,000
City of Oakland	\$6,868,659
City of Oakland - AHD**	\$10,070,000
City of Oakland - HRI**	\$1,680,000
City of Oakland - CTI**	\$1,810,000
Deferred Developer Fee	\$1,500,000
General Partner Equity	\$100
Tax Credit Equity	\$14,074,602
<b>TOTAL</b>	<b>\$44,896,702</b>

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

\*\*Strategic Growth Council - Transformative Climate Community Program

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$36,324,811
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$47,222,254
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$1,530,001
Approved Developer Fee in Project Cost:	\$3,500,000
Approved Developer Fee in Eligible Basis:	\$3,351,343
Investor/Consultant:	MUFG Union Bank, N.A.
Federal Tax Credit Factor:	\$0.91991

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:	\$36,324,811
Actual Eligible Basis:	\$36,324,811
Unadjusted Threshold Basis Limit:	\$26,554,716
Total Adjusted Threshold Basis Limit:	\$68,703,385

**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

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: 74%

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 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**

Within 180 days of the tax credit reservation, the applicant is required to provide an updated commitment letter from the Oakland Housing Authority for the project-based vouchers corresponding to the TCAC application.

The estimated cost of the project is \$760,509 per unit. The applicant noted that the high per unit cost is attributed to several factors including the City of Oakland specific requirement to pay prevailing wages; environmental remediation requiring asbestos and lead abatement and removal of contaminated soil; permanent relocation of residential tenants and a commercial tenant; and a commitment to achieve GreenPoint Rated Gold Certification as part of the funding commitment from the Strategic Growth Council. In addition, the project design requires the construction of a 2,514 square foot commercial space on the ground floor.

**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.