

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

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

Adcock Joyner Apartments, located at 532 16th Street in Oakland, requested and is being recommended for a reservation of \$702,855 in annual federal tax credits to finance the acquisition and rehabilitation of 49 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by 532 16th Street, Inc. and is located in Senate District 9 and Assembly District 18.

The project is currently at-risk, but is being recommended for a reservation of tax credits that will be preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of a HUD Section 8 Project-based Contract.

**Project Number** CA-20-729

**Project Name** Adcock Joyner Apartments  
**Site Address:** 532 16th Street  
Oakland, CA 94612 County: Alameda  
**Census Tract:** 4028.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$702,855	\$0
Recommended:	\$702,855	\$0

**Applicant Information**

**Applicant:** Adcock Joyner Preservation, LP  
**Contact:** Costlo Moore  
**Address:** 532 16th Street  
Oakland, CA 94612  
**Phone:** (510) 839-0248  
**Email:** adcock-joyner@sbcglobal.net

**General Partner(s) or Principal Owner(s):** Adcock Joyner Apartments, LLC  
**General Partner Type:** Nonprofit  
**Parent Company(ies):** 532 16th Street, Inc.  
**Developer:** 532 16th Street, Inc.  
**Investor/Consultant:** PNC Bank  
**Management Agent:** 532 16th Street, Inc.

**Project Information**

Construction Type: Acquisition & Rehabilitation  
 Total # Residential Buildings: 1  
 Total # of Units: 50  
 No. / % of Low Income Units: 49 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Contract (49 units - 100%)

**Bond Information**

Issuer: California Municipal Finance Authority  
 Expected Date of Issuance: December 9, 2020

**Information**

Housing Type: At-Risk  
 Geographic Area: East Bay Region  
 TCAC Project Analyst: Tiffani Negrete

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
50% AMI: 18	37%
60% AMI: 31	63%

**Unit Mix**

25 SRO/Studio Units  
25 1-Bedroom Units  
 50 Total Units

<u>Unit Type &amp; Number</u>	<u>2020 Rents Targeted % of Area Median Income</u>	<u>2020 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
9 SRO/Studio	50%	50%	\$1,142
16 SRO/Studio	60%	55%	\$1,258
9 1 Bedroom	50%	50%	\$1,224
15 1 Bedroom	60%	55%	\$1,341
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$16,000,000
Construction Costs	\$0
Rehabilitation Costs	\$2,580,000
Construction Hard Cost Contingency	\$375,000
Soft Cost Contingency	\$150,000
Relocation	\$122,500
Architectural/Engineering	\$400,000
Const. Interest, Perm. Financing	\$1,545,000
Legal Fees	\$210,000
Reserves	\$234,775
Other Costs	\$207,340
Developer Fee	\$2,250,000
Commercial Costs	\$0
<b>Total</b>	<b>\$24,074,615</b>

**Residential**

Construction Cost Per Square Foot:	\$81
Per Unit Cost:	\$481,492
True Cash Per Unit Cost*:	\$355,348

**Construction Financing**

Source	Amount
CRBT** - T.E. Bonds	\$9,550,000
CRBT** - T.E. Bonds	\$2,450,000
City of Oakland	\$1,470,000
Seller Note	\$5,500,000
Deferred Developer Fee	\$1,056,170
Tax Credit Equity	\$4,048,445

**Permanent Financing**

Source	Amount
CRBT** - T.E. Bonds	\$9,550,000
City of Oakland	\$1,470,000
Seller Note	\$5,500,000
Deferred Developer Fee	\$807,206
Tax Credit Equity	\$6,747,409
<b>TOTAL</b>	<b>\$24,074,615</b>

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

\*\*Cedar Rapids Bank & Trust

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$6,256,868
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$14,880,872
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$8,133,928
Qualified Basis (Acquisition):	\$14,880,872
Applicable Rate:	3.24%
Maximum Annual Federal Credit, Rehabilitation:	\$220,715
Maximum Annual Federal Credit, Acquisition:	\$482,140
Total Maximum Annual Federal Credit:	\$702,855
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,250,000
Investor/Consultant:	PNC Bank
Federal Tax Credit Factor:	\$0.96000

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:	\$21,137,740
Actual Eligible Basis:	\$21,137,740
Unadjusted Threshold Basis Limit:	\$19,040,400
Total Adjusted Threshold Basis Limit:	\$25,894,944

**Adjustments to Basis Limit**

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 36%

**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.

Pursuant to TCAC Regulation Section 10326(g)(5) general partner and management companies lacking documented experience with Section 42 requirements using the minimum scoring standards at Section 10325(c)(2)(A) and (B) shall be required to complete training as prescribed by TCAC prior to a project’s placing in service. The general partner and management company, 532 16th Street, Inc., shall complete training as prescribed by TCAC prior to a project’s placing in service.

**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.