CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 28, 2021

Centertown Apartments, located at 855 C Street in San Rafael, requested and is being recommended for a reservation of $1,307,260 in annual federal tax credits to finance the acquisition and rehabilitation of 59 units of housing with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by BRIDGE Housing Corporation and is located in Senate District 2 and Assembly District 10.

Centertown Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Centertown Apartment (CA-90-151). See **Resyndication and Resyndication Transfer Event** below for additional information. The project financing includes state funding from RHCP program of HCD.

Project Number	CA-21-477	
Project Name	Centertown Apartments	
Site Address:	855 C Street	
	San Rafael, CA 94901	County: Marin
Census Tract:	1110.00	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,307,260	$0
Recommended:	$1,307,260	$0

Applicant Information

Applicant:	Centertown II, LLC
Contact:	Sarah White
Address:	600 California Street San Francisco, CA 94108
Phone:	415-321-4074
Email:	swhite@bridgehousing.com

General Partner(s) or Principal Owner(s):	Centertown II, LLC EAH Inc.
General Partner Type:	Nonprofit
Parent Company(ies):	BRIDGE Housing Corporation EAH Housing Corporation
Developer:	BRIDGE Housing Corporation
Investor/Consultant:	Community Economics, Inc.
Management Agent:	EAH Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	1
Total # of Units:	60
No. / % of Low Income Units:	59 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt/HOME/CDBG

Bond Information

Issuer:	CMFA
Expected Date of Issuance:	October 15, 2021

Information

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

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	6	10%
50% AMI:	18	31%
60% AMI:	35	59%

Unit Mix

17	1-Bedroom Units
28	2-Bedroom Units
15	3-Bedroom Units
60	Total Units

Unit Type & Number		2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
1	1 Bedroom	30%	21%	$679
5	1 Bedroom	30%	21%	$686
1	1 Bedroom	60%	47%	$1,535
10	1 Bedroom	60%	60%	$1,957
1	2 Bedrooms	50%	20%	$778
1	2 Bedrooms	50%	21%	$810
1	2 Bedrooms	50%	21%	$814
6	2 Bedrooms	50%	21%	$819
1	2 Bedrooms	50%	22%	$855
1	2 Bedrooms	60%	22%	$855
1	2 Bedrooms	60%	34%	$1,336
1	2 Bedrooms	60%	41%	$1,593
1	2 Bedrooms	60%	41%	$1,608
4	2 Bedrooms	60%	43%	$1,699
2	2 Bedrooms	60%	50%	$1,938
1	2 Bedrooms	60%	51%	$2,008
6	2 Bedrooms	60%	60%	$2,349
1	3 Bedrooms	50%	20%	$924
3	3 Bedrooms	50%	21%	$928
1	3 Bedrooms	50%	21%	$962
1	3 Bedrooms	50%	21%	$968
1	3 Bedrooms	50%	21%	$970
1	3 Bedrooms	50%	33%	$1,503
4	3 Bedrooms	60%	33%	$1,504
3	3 Bedrooms	60%	51%	$2,296
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$17,161,501
Construction Costs	$0
Rehabilitation Costs	$9,803,987
Construction Hard Cost Contingency	$1,437,598
Soft Cost Contingency	$326,187
Relocation	$475,000
Architectural/Engineering	$893,059
Const. Interest, Perm. Financing	$1,966,232
Legal Fees	$148,800
Reserves	$481,585
Other Costs	$290,767
Developer Fee	$2,200,000
Commercial Costs	$0
Total	**$35,184,716**

Residential

Construction Cost Per Square Foot:	$145
Per Unit Cost:	$586,412
True Cash Per Unit Cost*:	$363,865

Construction Financing

Source	Amount
Umpqua Bank - Tax Exempt	$18,442,396
Umpqua Bank - Taxable	$1,202,275
Seller Carryback Loan	$7,362,062
HCD RHCP	$3,274,388
County of Marin HOME	$950,000
County of Marin CDBG	$63,732
County of Marin	$99,504
City of San Rafael	$266,781
GP Equity	$100
Tax Credit Equity	$1,202,559

Permanent Financing

Source	Amount
Umpqua Bank	$5,246,800
Seller Carryback Loan	$13,352,821
HCD RHCP	$3,274,388
County of Marin HOME	$950,000
County of Marin CDBG	$63,732
County of Marin	$99,504
City of San Rafael	$266,781
GP Equity	$100
Accrued Interest	$95,001
Tax Credit Equity	$11,835,589
TOTAL	**$35,184,716**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$11,048,762
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$18,458,500
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$14,363,391
Qualified Basis (Acquisition):	$18,458,500
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$568,920
Maximum Annual Federal Credit, Acquisition:	$738,340
Total Maximum Annual Federal Credit:	$1,307,260
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,200,000
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	$0.90537

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:	$29,507,262
Actual Eligible Basis:	$33,531,629
Unadjusted Threshold Basis Limit:	$25,497,888
Total Adjusted Threshold Basis Limit:	$40,796,621

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: 30%
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 20%

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 4.00% 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: None

Resyndication and Resyndication Transfer Event

Prior to closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-90-151). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s). Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-90-151) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on TCAC staff's review of the commitment in the application. The services documented in the placed in service package will be reviewed by TCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a re-syndication occurring concurrently with a Transfer Event without distribution of Net Project Equity and thus is waived from setting aside a Short Term Work Capitalized Replacement Reserve that is otherwise required.

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.