

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report Tax-Exempt Bond Project January 19, 2022

MacArthur Studios, located at 4311 & 4317 MacArthur Boulevard in Oakland, requested and is being recommended for a reservation of \$2,476,483 in annual federal tax credits to finance the new construction of 191 units of housing serving tenants with rents affordable to households earning 30-80% of area median income (AMI). The project requested \$5,315,000 in state tax credits, but due to the limited availability, is not being recommended any state credits. The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 9 and Assembly District 18.

Project Number CA-21-700

Project Name MacArthur Studios
Site Address: 4311 & 4317 MacArthur Boulevard
Oakland, CA 94619 County: Alameda
Census Tract: 4079.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,476,483	\$5,315,000 *
Recommended:	\$2,476,483	\$0

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Central Valley Coalition for Affordable Housing
Contact: Christina Alley
Address: 3351 M Street, Suite 100
Merced, CA 95348
Phone: 209.388.0782
Email: chris@centralvalleycoalition.com

General Partner(s) or Principal Owner(s):	TPC Holdings IX, LLC
General Partner Type:	Central Valley Coalition for Affordable Housing
Parent Company(ies):	Joint Venture The Pacific Companies Central Valley Coalition for Affordable Housing
Developer:	Pacific West Communities, Inc.
Bond Issuer:	California Municipal Finance Authority (CMFA)
Investor/Consultant:	Boston Financial
Management Agent:	ConAm Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 193
 No. / % of Low Income Units: 191 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Non-Targeted
 Geographic Area: East Bay Region
 TCAC Project Analyst: Janice Corbin

55-Year Use / Affordability

Aggregate Targeting		Percentage of
Number of Units		Affordable Units
30% AMI:	20	10%
50% AMI:	20	10%
60% AMI:	113	59%
80% AMI:	38	20%

Unit Mix

193 SRO/Studio Units
193 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
20 SRO/Studio	30%	\$719
20 SRO/Studio	50%	\$1,198
113 SRO/Studio	60%	\$1,438
38 SRO/Studio	80%	\$1,810
2 SRO/Studio	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,230,000
Construction Costs	\$43,036,601
Construction Hard Cost Contingency	\$2,350,000
Soft Cost Contingency	\$500,000
Architectural/Engineering	\$990,000
Const. Interest, Perm. Financing	\$3,669,300
Legal Fees	\$100,000
Reserves	\$1,193,125
Other Costs	\$3,529,215
Developer Fee	\$8,075,488
Commercial Costs	\$760,000
Total	\$67,433,729

Residential

Construction Cost Per Square Foot:	\$375
Per Unit Cost:	\$345,460
True Cash Per Unit Cost*:	\$326,425

Construction Financing

Source	Amount
Citibank - T.E. Bonds	\$34,500,000
Citibank - Taxable Bonds	\$6,000,000
Bonneville - Recycled T.E.	\$10,000,000
Deferred Developer Fee	\$8,075,488
Deferred Cost Fee	\$1,193,125
Tax Credit Equity	\$7,665,116

Permanent Financing

Source	Amount
Citibank - T.E. Bonds	\$27,800,000
Citibank - Commercial Loan	\$760,000
Bonneville - Recycled T.E.	\$10,000,000
Deferred Developer Fee	\$3,715,488
State Credit Backfill (TBD)	\$4,357,864
Tax Credit Equity	\$20,800,377
TOTAL	\$67,433,729

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$61,912,076
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$61,912,076
Applicable Rate:	4.00%
Maximum Annual Federal Credit:	\$2,476,483
Total State Credit:	\$0
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,075,488
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.83992
State Tax Credit Factor:	\$0.81992

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.

Significant Information / Additional Conditions: None.

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.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

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.