

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
June 15, 2022

Osgood Apartments South, located at 41911 Osgood Road in Fremont, requested and is being recommended for a reservation of \$3,123,315 in annual federal tax credits and \$3,830,000 in total state tax credits to finance the new construction of 99 units of housing serving large families with rents affordable to households earning 30-70% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 10 and Assembly District 25.

Project Number CA-22-426

Project Name Osgood Apartments South
Site Address: 41911 Osgood Road
 Fremont, CA 94539 County: Alameda
Census Tract: 4422.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,123,315	\$3,830,000
Recommended:	\$3,123,315	\$3,830,000

* 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): Central Valley Coalition for Affordable Housing
 TPC Holdings IX, LLC
 Fremont Osgood II, LLC

General Partner Type: Joint Venture

Parent Company(ies): Central Valley Coalition for Affordable Housing
 The Pacific Companies
 Maracor Development, Inc.

Developer: Pacific West Communities, Inc.

Bond Issuer: California Municipal Finance Authority (CMFA)

Investor/Consultant: Boston Financial

Management Agent: Aperto Property Management, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 100
 No. / % of Low Income Units: 99 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: East Bay Region
 CTCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

<u>Aggregate Targeting</u>		<u>Percentage of</u>
<u>Number of Units</u>		<u>Affordable Units</u>
30% AMI:	10	10%
50% AMI:	10	10%
60% AMI:	41	41%
70% AMI:	38	0%

Unit Mix

50 SRO/Studio Units
 25 2-Bedroom Units
 25 3-Bedroom Units

 100 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 SRO/Studio	30%	\$719
5 SRO/Studio	50%	\$1,198
21 SRO/Studio	60%	\$1,438
18 SRO/Studio	70%	\$1,678
3 2 Bedrooms	30%	\$924
3 2 Bedrooms	50%	\$1,541
10 2 Bedrooms	60%	\$1,849
9 2 Bedrooms	70%	\$2,157
2 3 Bedrooms	30%	\$1,068
2 3 Bedrooms	50%	\$1,781
10 3 Bedrooms	60%	\$2,137
11 3 Bedrooms	70%	\$2,493
1 SRO/Studio	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,321,000
Construction Costs	\$39,639,690
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$4,000,000
Soft Cost Contingency	\$500,000
Relocation	\$0
Architectural/Engineering	\$990,000
Const. Interest, Perm. Financing	\$3,526,050
Legal Fees	\$180,000
Reserves	\$665,763
Other Costs	\$4,051,005
Developer Fee	\$7,834,401
Commercial Costs	\$0
Total	\$65,707,909

Residential

Construction Cost Per Square Foot:	\$418
Per Unit Cost:	\$657,079
True Cash Per Unit Cost*:	\$603,735

Construction Financing

<u>Source</u>	<u>Amount</u>
Citibank Tax-Exempt Loan	\$35,000,000
Citibank Taxable Loan	\$6,300,000
Bonneville Capital TE Loan	\$7,000,000
City of Fremont - Loan	\$6,000,000
Deferred Costs	\$665,763
Deferred Developer Fee	\$7,834,401
Tax Credit Equity	\$2,907,745

Permanent Financing

<u>Source</u>	<u>Amount</u>
Citibank Tax-Exempt Loan	\$18,000,000
Bonneville Capital TE Loan	\$7,000,000
City of Fremont - Loan	\$6,000,000
Deferred Developer Fee	\$5,334,401
Tax Credit Equity	\$29,373,508
TOTAL	\$65,707,909

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$60,063,744
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$78,082,867
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,123,315
Total State Credit:	\$3,830,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$7,834,401
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

This Project's annual per unit operating expense total is below the CTCAC published per unit operating minimums of \$7,035. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of \$6,212 on agreement of the permanent lender and equity

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.

CTCAC 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 CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC 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, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, 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 CTCAC 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 CTCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.