

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2023 First Round**

**July 26, 2023**

North Housing PSH I, located at 500 Mosley Avenue in Alameda, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$6,449,816 in total state tax credits to finance the new construction of 44 units of housing serving special needs tenants with rents affordable to households earning 30% of area median income (AMI). The project will be developed by Island City Development 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-23-003

**Project Name** North Housing PSH I  
Site Address: 500 Mosley Avenue  
Alameda, CA 94501  
County: Alameda  
Census Tract: 4287

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,500,000	\$6,449,816
Recommended:	\$2,500,000	\$6,449,816

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

**Applicant Information**

Applicant: Island City Development  
Contact: Vanessa Cooper  
Address: 701 Atlantic Avenue  
Alameda, CA 94501  
Phone: 510-747-4300  
Email: vcooper@alamedahsg.org

General Partner(s) / Principal Owner(s): ICD Lakehurst LLC  
General Partner Type: Nonprofit  
Parent Company(ies): Island City Development  
Housing Authority of the City of Alameda  
Developer: Island City Development  
Investor/Consultant: Community Economics, Inc  
Management Agent(s): FPI Management, Inc.

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 45  
No. & % of Tax Credit Units: 44 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: HOME / CDBG / HUD Section 8 Project-based Vouchers  
(40 Units - 89%)

**Information**

Set-Aside: N/A  
Housing Type: Special Needs  
Type of Special Needs: Homeless  
Average Targeted Affordability of Special Needs/SRO Project Units: 30.00%  
% of Special Need Units: 44 units 100.00%  
Geographic Area: East Bay Region  
CTCAC Project Analyst: Dylan Hervey

**55-Year Use / Affordability**

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 30% AML:	44	80%

**Unit Mix**

24 SRO/Studio Units
20 1-Bedroom Units
<u>1 2-Bedroom Units</u>
45 Total Units

<u>Unit Type &amp; Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
20 SRO/Studio	30%	\$750
4 SRO/Studio	30%	\$354
20 1 Bedroom	30%	\$803
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$2,914,140
Construction Costs	\$24,353,154
Construction Contingency	\$1,682,509
Architectural/Engineering	\$1,260,884
Const. Interest, Perm. Financing	\$4,233,867
Legal Fees	\$225,000
Reserves	\$392,938
Other Costs	\$3,760,883
Developer Fee	\$2,200,000
<b>Total</b>	<b>\$41,023,374</b>

**Residential**

Construction Cost Per Square Foot:	\$619
Per Unit Cost:	\$911,631
True Cash Per Unit Cost*:	\$906,075

**Construction Financing**

Source	Amount
JPMorgan Chase Bank	\$24,030,930
Alameda Housing Authority	\$3,000,000
AAHTF <sup>1</sup>	\$5,000,000
City of Alameda: HOME/CBDG	\$1,261,000
AHP	\$660,000
Land Contribution	\$2,061,601
Waived Fees	\$469,620
Tax Credit Equity	\$2,715,985

**Permanent Financing**

Source	Amount
JPMorgan Chase Bank	\$1,349,000
Alameda Housing Authority	\$3,000,000
AAHTF <sup>1</sup>	\$5,000,000
City of Alameda: HOME/CBDG	\$1,261,000
AHP	\$660,000
Land Contribution	\$2,061,601
Waived Fees	\$469,620
General Partner Equity	\$1,000
Deferred Developer Fee	\$250,000
Tax Credit Equity	\$26,971,153
<b>TOTAL</b>	<b>\$41,023,374</b>

<sup>1</sup>Alameda Affordable Housing Trust Fund (AAHTF)

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$27,777,778
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,778
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$6,449,816
Investor/Consultant:	Community Economics, Inc
Federal Tax Credit Factor:	\$0.87245
State Tax Credit Factor:	\$0.80000

The "as if vacant" land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**Tie-Breaker Information**

First:	<b>Special Needs</b>
Self-Score Final:	<b>61.608%</b>
CTCAC Final:	<b>61.608%</b>

### **Significant Information / Additional Conditions**

When contracting with a California-experienced property management company as described in CTCAC regulation section 10325(c)(1) (A)(ii) and (B)(ii), the general partner or property co-management entity must obtain training in: project operations, on-site certification training in federal fair housing law, and manager certification in IRS Section 42 program requirements from a CTCAC-approved, nationally recognized entity. Additionally, the experienced property management agent or an equally experienced substitute, must remain for a period of at least 3 years from the placed-in-service date (or, for ownership transfers, 3 years from the sale or transfer date) to allow for at least one (1) CTCAC monitoring visit to ensure the project is in compliance with IRC Section 42. Thereafter, the experienced property manager may transfer responsibilities to the remaining general partner or property management firm following formal written approval from CTCAC.

Staff noted a per unit cost of \$911,631. The applicant noted that the high per unit cost is attributed to the cost of land acquisition; environmental remediation; the construction type; and inflationary effects on prevailing wage labor, cost of material, and insurance. Construction projects with podium structure, and taller height typically require a premium for mat foundation and building equipment, such as tower crane, as well as additional offsite work.

**Resyndication and Resyndication Transfer Event.** None.

### **Local Reviewing Agency**

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

### **Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1/3 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1 mile of a community college	3	3	3
Within 1/2 mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>SPECIAL NEEDS HOUSING TYPE</b>			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</b>

**Please Note:** If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**