

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
August 23, 2023**

East 12th Street (AKA/FKA Lakehouse Commons and/or Lakehouse Connections), located at 121 East 12th Street in Oakland, requested and is being recommended for a reservation of \$4,682,506 in annual federal tax credits to finance the new construction of 90 units of housing serving tenants with rents affordable to households earning 20%-60% of area median income (AMI). The project will be developed by East Bay Asian Local Development Corporation and will be located in Senate District 9 and Assembly District 18.

The project financing includes state funding from the Infill Infrastructure Grant (IIG) & Affordable Housing and Sustainable Communities (AHSC) programs of HCD.

Project Number CA-23-527

Project Name East 12th Street (AKA/FKA Lakehouse Commons and/or Lakehouse Connections)
Site Address: 121 East 12th Street
Oakland, CA 94606
County: Alameda
Census Tract: 4060.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$4,682,506	\$0
Recommended:	\$4,682,506	\$0

Applicant Information

Applicant: East 12th Street Housing, L.P.
Contact: Liz Probst
Address: 1825 San Pablo Ave, Suite 200
Oakland, CA 94612
Phone: (510) 935-3201
Email: lprobst@ebaldc.org

General Partner(s) or Principal Owner(s): East 12th Street Housing LLC
101 E. 12th St Venture, LLC
General Partner Type: Joint Venture
Parent Company(ies): East Bay Asian Local Development Corporation
Jordan Real Estate Investments LLC
Developer: East Bay Asian Local Development Corporation
Bond Issuer: California Municipal Finance Authority
Investor/Consultant: California Housing Partnership
Management Agent: East Bay Asian Local Development Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 91
No. / % of Low Income Units: 90 100.00%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Tax-Exempt

Information

Housing Type: Non-Targeted
 Geographic Area: East Bay Region
 CTCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	29	32%
40% AMI:	6	7%
60% AMI:	55	61%

Unit Mix

42 SRO/Studio Units
29 1-Bedroom Units
16 2-Bedroom Units
4 3-Bedroom Units
91 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
2 SRO/Studio	20%	\$500
17 SRO/Studio	30%	\$500
4 1 Bedroom	30%	\$536
2 1 Bedroom	30%	\$803
3 2 Bedrooms	30%	\$964
1 3 Bedrooms	30%	\$1,114
3 SRO/Studio	40%	\$1,000
2 1 Bedroom	40%	\$1,071
1 2 Bedrooms	40%	\$1,286
20 SRO/Studio	60%	\$1,500
18 1 Bedroom	60%	\$1,607
9 2 Bedrooms	60%	\$1,929
3 3 Bedrooms	60%	\$2,228
3 1 Bedroom	60%	\$1,607
2 2 Bedrooms	60%	\$1,929
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,745,031
Construction Costs	\$52,540,095
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$5,286,471
Soft Cost Contingency	\$257,105
Relocation	\$0
Architectural/Engineering	\$3,584,078
Const. Interest, Perm. Financing	\$10,868,393
Legal Fees	\$374,694
Reserves	\$293,499
Other Costs	\$6,014,125
Developer Fee	\$15,048,669
Commercial Costs	\$291,764
Total	\$100,303,924

Residential

Construction Cost Per Square Foot:	\$715
Per Unit Cost:	\$1,098,461
True Cash Per Unit Cost*:	\$911,756

Construction Financing

Source	Amount
Citibank Tax-Exempt	\$48,961,000
Citibank Taxable	\$9,175,047
HCD: IIG	\$3,094,000
City of Oakland	\$15,500,000
City of Oakland: Land	\$4,000,000
Deferred Interest	\$920,980
Deferred Costs	\$1,336,831
General Partner Equity	\$100
Deferred Developer Fee	\$13,048,669
Tax Credit Equity	\$4,267,297
:	

Permanent Financing

Source	Amount
Citibank	\$2,746,000
HCD: AHSC	\$10,946,306
HCD: AHSC - Grant	\$4,485,000
HCD: IIG	\$3,094,000
City of Oakland	\$15,500,000
City of Oakland: Land	\$4,000,000
Deferred Interest	\$920,980
General Partner Equity	\$100
Deferred Developer Fee	\$13,048,669
Tax Credit Equity	\$45,562,869
TOTAL	\$100,303,924

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$90,048,190
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$117,062,647
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,682,506
Approved Developer Fee in Project Cost:	\$15,048,669
Approved Developer Fee in Eligible Basis:	\$14,996,489
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.97304

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

The project has a total development cost of \$1,105,769 per unit. The total cost is higher due to the project’s location in downtown Oakland which increases the overall land cost/value; as well as continued increases in construction costs, prevailing wage requirements, local permit fees, and the increased cost of borrowing due to the rising interest rate environment.

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.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).