

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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

The project, 3050 International, located at 3050 International Boulevard in Oakland, requested and is being recommended for a reservation of \$3,832,614 in annual federal tax credits to finance the new construction of 75 units of housing serving families with rents affordable to households earning 20%-50% of area median income (AMI). The project will be developed by Satellite Affordable Housing Associates and will be located in Senate District 9 and Assembly District 18.

The project will be receiving rental assistance in the form of Oakland Housing Authority Rental Assistance Subsidy. The project financing includes state funding from the No Place Like Home (NPLH) and Infill Infrastructure Grant (IIG) programs of HCD.

Project Number CA-23-573

Project Name 3050 International
Site Address: 3050 International Boulevard
Oakland, CA 94601
County: Alameda
Census Tract: 4062.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,832,614	\$0
Recommended:	\$3,832,614	\$0

Applicant Information

Applicant: Satellite Affordable Housing Associates
Contact: Nicole Guzman
Address: 1835 Alcatraz Avenue
Berkeley, CA 94703
Phone: (510) 809-2794
Email: nguzman@sahahomes.org

General Partner(s) or Principal Owner(s): Satellite AHA Development, Inc
General Partner Type: Nonprofit
Parent Company(ies): Satellite Affordable Housing Associates
Developer: Satellite Affordable Housing Associates
Bond Issuer: California Municipal Finance Authority
Investor/Consultant: Community Economics, Inc.
Management Agent: Satellite Affordable Housing Associates

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 76
No. / % of Low Income Units: 75 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / CDBG

Information

Housing Type: Large Family
 Geographic Area: East Bay Region
 CTCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	44	59%
40% AMI:	17	23%
50% AMI:	14	19%

Unit Mix

28 1-Bedroom Units
29 2-Bedroom Units
19 3-Bedroom Units
76 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
2 1 Bedroom	20%	\$535
21 1 Bedroom	30%	\$803
4 1 Bedroom	30%	\$803
1 1 Bedroom	30%	\$803
3 2 Bedrooms	30%	\$964
6 2 Bedrooms	30%	\$964
10 2 Bedrooms	40%	\$1,286
9 2 Bedrooms	50%	\$1,607
7 3 Bedrooms	30%	\$1,114
7 3 Bedrooms	40%	\$1,485
5 3 Bedrooms	50%	\$1,856
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,032,589
Construction Costs	\$53,239,633
Construction Hard Cost Contingency	\$5,220,603
Soft Cost Contingency	\$757,781
Architectural/Engineering	\$2,277,838
Const. Interest, Perm. Financing	\$8,185,717
Legal Fees	\$160,000
Reserves	\$2,546,623
Other Costs	\$4,362,776
Developer Fee	\$3,500,000
Total	\$83,283,560

Residential

Construction Cost Per Square Foot:	\$668
Per Unit Cost:	\$1,095,836
True Cash Per Unit Cost*:	\$1,082,678

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo: Tax-Exempt	\$41,744,061	City of Oakland	\$29,200,000
Wells Fargo: Taxable	\$3,713,804	City of Oakland: CDBG	\$237,221
City of Oakland	\$17,100,000	HCD: No Place Like Home	\$6,653,422
City of Oakland: CDBG	\$237,221	HCD: Infill Infrastructure Grant	\$6,247,048
HCD: Infill Infrastructure Grant	\$6,247,048	SB178 Budget Act of 2022	\$4,000,000
SB178 Budget Act of 2022	\$4,000,000	DTSC ¹ Grant	\$1,600,696
DTSC ¹ Grant	\$1,600,696	General Partner Equity	\$100
General Partner Equity	\$100	Deferred Developer Fee	\$1,000,000
Tax Credit Equity	\$3,449,007	Tax Credit Equity	\$34,345,073
		TOTAL	\$83,283,560

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

¹California Department of Toxic Substances Control

Determination of Credit Amount(s)

Requested Eligible Basis:	\$73,704,108
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$95,815,340
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,832,614
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.89613

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

Staff noted a per unit cost of \$1,095,836. The applicant noted that the high per unit cost is attributed to the high cost of labor and severe labor shortage, the costs of raw construction materials, State/Federal prevailing wages, HCD required reserves, and high projected insurance costs due to the project's location in Oakland and existing crime rates.

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).