

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2023 Second Round**

**November 8, 2023**

Longfellow Corner, located at 3801, 3807, 3823 & 3829 Martin Luther King Jr Way in Oakland, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$20,994,524 in total state tax credits to finance the new construction of 76 units of housing serving families with rents affordable to households earning 20%-50% of area median income (AMI). The project will be developed by Resources for Community 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. The project financing includes state funding from the No Place Like Home (NPLH), Infill Infrastructure Grant (IIG) and Affordable Housing and Sustainable Communities (AHSC) programs of HCD.

**Project Number** CA-23-104

**Project Name** Longfellow Corner  
Site Address: 3801, 3807, 3823 & 3829 Martin Luther King Jr Way  
Oakland, CA 94609  
County: Alameda  
Census Tract: 4010

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,500,000	\$20,994,524
Recommended:	\$2,500,000	\$20,994,524

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

**Applicant Information**

Applicant: Resources for Community Development  
Contact: Nicole Brown  
Address: 2220 Oxford Street  
Berkeley, CA 94704  
Phone: 510-841-4410  
Email: nbrown@rcdhousing.org

General Partner(s) / Principal Owner(s): RCD GP III, LLC  
General Partner Type: Nonprofit  
Parent Company(ies): Resources for Community Development  
Developer: Resources for Community Development  
Investor/Consultant: Community Economics, Inc.  
Management Agent(s): The John Stewart Company

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 77  
No. & % of Tax Credit Units: 76 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: HUD Section 8 Project-based Vouchers (16 Units - 21.00%)

**Information**

Set-Aside: N/A  
Housing Type: Large Family  
Geographic Area: East Bay Region  
CTCAC Project Analyst: Sopida Steinwert

**55-Year Use / Affordability**

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 20% AMI:	30	35%
At or Below 30% AMI:	10	10%
At or Below 50% AMI:	36	40%

**Unit Mix**

33 1-Bedroom Units  
19 2-Bedroom Units  
25 3-Bedroom Units  
77 Total Units

<u>Unit Type &amp; Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
24 1 Bedroom	20%	\$555
9 1 Bedroom	50%	\$1,387
2 2 Bedrooms	20%	\$666
4 2 Bedrooms	30%	\$999
12 2 Bedrooms	50%	\$1,665
4 3 Bedrooms	20%	\$769
6 3 Bedrooms	30%	\$1,153
15 3 Bedrooms	50%	\$1,923
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$7,494,149
Construction Costs	\$50,558,969
Construction Contingency	\$4,804,329
Architectural/Engineering	\$3,542,072
Const. Interest, Perm. Financing	\$7,880,277
Legal Fees	\$156,476
Reserves	\$3,939,079
Other Costs	\$4,400,397
Developer Fee	\$2,200,000
Commercial Costs	\$2,166,065
<b>Total</b>	<b>\$87,141,814</b>

## Residential

Construction Cost Per Square Foot:	\$644
Per Unit Cost:	\$1,099,362
True Cash Per Unit Cost*:	\$1,053,441

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Chase	\$48,639,598	City of Oakland	\$19,239,000
City of Oakland	\$19,239,000	City of Oakland: Land Donator	\$3,639,901
City of Oakland: Land Donation	\$3,639,901	HCD: NPLH	\$6,553,944
HCD: IIG	\$5,830,000	HCD: IIG	\$5,830,000
DTSC <sup>1</sup> Grant	\$422,763	HCD: AHSC	\$11,129,373
General Partner Equity	\$100	DTSC <sup>1</sup> Grant	\$422,763
Tax Credit Equity	\$4,053,373	General Partner Equity	\$100
		Tax Credit Equity	\$40,326,733
		<b>TOTAL</b>	<b>\$87,141,814</b>

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

<sup>1</sup>Department of Toxic Substances Control

## Determination of Credit Amount(s)

Requested Eligible Basis:	\$69,981,745
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$69,981,745
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$20,994,524
Approved Developer Fee in Project Cost:	\$2,200,000
Approved Developer Fee in Eligible Basis:	\$1,875,090
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.93672
State Tax Credit Factor:	\$0.80539

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>Large Family</b>
Self-Score Final:	<b>75.734%</b>
CTCAC Final:	<b>75.648%</b>

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

Staff noted a per unit development cost of \$1,053,441. The applicant noted that the per unit cost is attributed to high land costs in the Bay Area, payment of prevailing wages, accessible and adaptable features required by CTCAC, demolition of existing structures and hardscape due to the Project's location in an infill development, off-hauling contaminated soil to disposal sites and installing active vapor barrier, additional utility work, installing security cameras, alarms and fobs on key entrances, and security during construction, and providing parking spaces to accommodate appropriate parking.

The sum of the Project's HCD No Place Like Home commitment of \$6,553,935 is less than the amount of \$6,553,944 provided in the Application. The difference of \$9 is deemed to be covered by the contingency line item, since initial application errors of \$50,000 or less shall be covered by the contingency line item pursuant to CTCAC Regulation Section 10327(a).

**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 mile of public library	2	2	2
Within 1 mile of a public high school	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Within 1/2 mile of a pharmacy	2	2	0
Within 1 mile of a pharmacy	1	0	1
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	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 REAPPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**