

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

December 6, 2023

Lake Merritt BART Senior Affordable Housing, located at 51 9th Street in Oakland, requested and is being recommended for a reservation of \$4,400,665 in annual federal tax credits to finance the new construction of 96 units of housing serving seniors with rents affordable to households earning 30%-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) and Affordable Housing and Sustainable Communities (AHSC) programs of HCD.

Project Number CA-23-647

Project Name Lake Merritt BART Senior Affordable Housing

Site Address: 51 9th Street
Oakland, CA 94607

County: Alameda

Census Tract: 4033.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$4,400,665	\$0
Recommended:	\$4,400,665	\$0

Applicant Information

Applicant: Chinatown BART Senior Housing, LP

Contact: James Perez

Address: 1825 San Pablo Ave, Suite 200
Oakland, CA 94612

Phone: (510) 512-2444

Email: jperez@ebaldc.org

General Partner(s) or Principal Owner(s): Chinatown BART Senior Housing LLC

General Partner Type: Nonprofit

Parent Company(ies): East Bay Asian Local Development Corporation

Developer: East Bay Asian Local Development Corporation

Bond Issuer: California Municipal Finance Authority

Investor/Consultant: Community Economics

Management Agent: East Bay Asian Local Development Corporation

Project Information

Construction Type: New Construction

Total # Residential Buildings: 1

Total # of Units: 97

No. / % of Low Income Units: 96 100.00%

Federal Set-Aside Elected: 40%/60% Average Income

Federal Subsidy: Tax-Exempt

Information

Housing Type: Seniors
 Geographic Area: East Bay Region
 CTCAC Project Analyst: Franklin Cui

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	44	46%
50% AMI:	17	18%
60% AMI:	35	36%

Unit Mix

22 SRO/Studio Units
70 1-Bedroom Units
5 2-Bedroom Units
97 Total Units

Unit Type & Number	2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
9 SRO/Studio	30%	\$780
5 SRO/Studio	50%	\$1,298
8 SRO/Studio	60%	\$1,557
34 1 Bedroom	30%	\$832
11 1 Bedroom	50%	\$1,387
25 1 Bedroom	60%	\$1,665
1 2 Bedrooms	30%	\$999
1 2 Bedrooms	50%	\$1,665
2 2 Bedrooms	60%	\$1,998
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,580,346
Construction Costs	\$59,237,325
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$5,899,715
Soft Cost Contingency	\$696,502
Relocation	\$0
Architectural/Engineering	\$2,676,777
Const. Interest, Perm. Financing	\$9,946,876
Legal Fees	\$185,326
Reserves	\$380,936
Other Costs	\$3,981,295
Developer Fee	\$3,700,000
Commercial Costs	\$3,370,106
Total	\$95,655,204

Residential

Construction Cost Per Square Foot:	\$911
Per Unit Cost:	\$946,181
True Cash Per Unit Cost*:	\$933,322

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank Tax-Exempt	\$49,392,351	HCD: AHSC	\$16,500,000
Citibank Taxable	\$8,254,731	City of Oakland Boomerang	\$2,100,000
City of Oakland Boomerang	\$2,100,000	City of Oakland Measure A	\$5,928,395
Land Donation	\$5,100,000	Land Donation	\$5,100,000
CA State Transportation (Cal-STA)	\$6,100,000	Cal-STA	\$6,100,000
Dept. of Social Services (CDSS)	\$10,450,000	CDSS	\$10,450,000
HCD: IIG	\$6,100,000	HCD: IIG	\$6,100,000
Sponsor Loans	\$660,561	Sponsor Loans	\$660,561
Tax Credit Equity	\$4,136,625	General Partner Equity	\$200,000
		Deferred Developer Fee	\$1,300,000
		Tax Credit Equity	\$41,216,248
		TOTAL	\$95,655,204

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$84,628,168
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$110,016,618
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,400,665
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,700,000
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	\$0.93659

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 total cost is higher due to the project’s proximity to downtown Oakland, CA which increases the overall land cost/value, continued increases in construction costs, prevailing wage requirements, local permit fees, and the increased cost of borrowing due to the rising interest rate environment. Additionally, because of the development’s proximity to the BART tunnel, the project has been designed to include double-cased deep piles in order to meet the unique BART structural engineering requirements. Lastly, many urban infill projects – particularly in Oakland, are now experiencing severe cost increases for insurance and security during construction.

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).