CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 6, 2023

Oceanview Garden Apartments, located at 819 Hearst Ave; 1816 6th Street; 1721 5th Street in Berkeley, requested and is being recommended for a reservation of $1,756,090 in annual federal tax credits to finance the acquisition & rehabilitation of 61 units of housing serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Orbach Affordable Housing Solutions and is located in Senate District 9 and Assembly District 14.

Oceanview Garden Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Ocean View Garden Apartments (CA-2003-921). See Resyndication and Resyndication Transfer Event below for additional information. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-23-658

Project Name Oceanview Garden Apartments

Site Address:

	Site 1	Site 2
	819 Hearst Avenue	1816 6th Street
	Berkeley, CA 94710	Berkeley, CA 94710
	County: Alameda	County: Alameda
	Census Tract: 4220.00	Census Tract: 4220.00

Site 3
1721 5th Street
Berkeley, CA 94710
County: Alameda
Census Tract: 4220.00

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,756,090	$0
Recommended:	$1,756,090	$0

Applicant Information

Applicant:	OAHS West Manager LLC
Contact:	Jay Reinhard
Address:	980 Sylvan Ave Englewood Cliffs, NJ 7632
Phone:	201-242-4800
Email:	jay@OAHSaffordable.com

General Partner(s) or Principal Owner(s):	OAHS West Manager LLC Kingdom Development, Inc.
General Partner Type:	Joint Venture
Parent Company(ies):	Orbach Affordable Housing Solutions LLC Kingdom Development, Inc.
Developer:	Orbach Affordable Housing Solutions
Bond Issuer:	CalHFA

Investor/Consultant:	Berkadia
Management Agent:	Orbach Affordable Management

Project Information

Construction Type:	Acquisition & Rehabilitation	
Total # Residential Buildings:	13	
Total # of Units:	62	
No. / % of Low Income Units:	61	100.00%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (61 Units - 100%)	

Information

Housing Type:	Non-Targeted
Geographic Area:	East Bay Region
CTCAC Project Analyst:	Nick White

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	13	21%
50% AMI:	7	11%
60% AMI:	41	67%

Unit Mix

18	1-Bedroom Units
32	2-Bedroom Units
12	3-Bedroom Units
62	Total Units

Unit Type & Number		2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
14	1 Bedroom	60%	$1,665
1	1 Bedroom	50%	$1,387
3	1 Bedroom	30%	$832
21	2 Bedrooms	60%	$1,998
4	2 Bedrooms	50%	$1,665
4	2 Bedrooms	30%	$999
6	3 Bedrooms	60%	$2,307
2	3 Bedrooms	50%	$1,923
3	3 Bedrooms	30%	$1,153
1	3 Bedrooms	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$33,169,860
Construction Costs	$0
Rehabilitation Costs	$6,400,904
Construction Hard Cost Contingency	$630,256
Soft Cost Contingency	$225,731
Relocation	$100,000
Architectural/Engineering	$210,000
Const. Interest, Perm. Financing	$1,504,487
Legal Fees	$562,257
Reserves	$668,934
Other Costs	$472,147
Developer Fee	$2,933,065
Commercial Costs	$330,140
Total	**$47,207,781**

Residential

Construction Cost Per Square Foot:	$127
Per Unit Cost:	$756,091
True Cash Per Unit Cost*:	$750,815

Construction Financing

Source	Amount
Berkadia: Tax-Exempt	$24,000,000
Berkadia: Taxable	$5,400,000
Berkadia: Bridge	$10,000,000
Net Operating Income	$557,384
Developer Fee Contribution	$329,438
Deferred Developer Fee	$693,127
Tax Credit Equity	$6,243,832

Permanent Financing

Source	Amount
Berkadia: Tax-Exempt	$24,000,000
Berkadia: Taxable	$5,400,000
Net Operating Income	$557,384
Developer Fee Contribution	$329,438
Deferred Developer Fee	$677,127
Tax Credit Equity	$16,243,832
TOTAL	**$47,207,781**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$9,572,225
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	$34,334,853
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$9,572,225
Qualified Basis (Acquisition):	$34,334,853
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$382,696
Maximum Annual Federal Credit, Acquisition:	$1,373,394
Total Maximum Annual Federal Credit:	$1,756,090
Approved Developer Fee in Project Cost:	$2,933,065
Approved Developer Fee in Eligible Basis:	$2,883,544
Investor/Consultant:	Berkadia
Federal Tax Credit Factor:	$0.92500

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

This project involves the substantial rehabilitation of 3 scattered-site buildings located in the city of Los Angeles.

At place-in-service, any units not occupied by income-qualified tenants will be not considered tax credit units and the applicable fraction will be adjusted accordingly. However, these units will be rent-restricted at 60% of area median income (AMI) in the recorded CTCAC regulatory agreement in order to meet the scattered-site requirement of Section 42(g)(7) of the Internal Revenue Code. The recorded CTCAC regulatory agreement will also require that upon turnover the unit(s) must be occupied by income-qualified tenants.

The applicant has requested and been granted a waiver to reduce the 10% mobility feature requirement under CTCAC Regulation Section 10325(f)(7)(K) down to 5%.

Resyndication and Resyndication Transfer Event

Prior to closing, the applicant or its assignee shall obtain CTCAC's consent to assign and assume the existing Regulatory Agreement (CA-03-921). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s). Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-03-921) is a qualified low-income household for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on CTCAC staff’s review of the commitment in the application. The services documented in the placed in service package will be reviewed by CTCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a resyndication occurring concurrently with a Transfer Event with distribution of Net Project Equity. The rehabilitation scope of work shall include all of the Short Term Work in the amount of $329,428. There is a Developer Fee Contribution of at least $329,428, allowing the applicant to receive eligible basis for the entire Short Term Work amount

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).