

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2013 Second Round
September 25, 2013

Project Number CA-13-143

Project Name 1701 Martin Luther King Jr. Way
 Site Address: 1701 Martin Luther King Jr. Way
 Oakland, CA 94612 County: Alameda
 Census Tract: 4027.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$962,405	\$0
Recommended:	\$962,405	\$0

Applicant Information

Applicant: Resources for Community Development
 Contact: Jessica Sheldon
 Address: 2220 Oxford Street
 Berkeley, CA 94704
 Phone: 510-841-4410 Fax: 510-548-3502
 Email: jsheldon@rcdev.org

General Partner(s) or Principal Owner(s): RCD Housing LLC
 General Partner Type: Nonprofit
 Parent Company(ies): RCD Housing LLC
 Developer: Resources for Community Development
 Investor/Consultant: Community Economics
 Management Agent(s): John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 26
 No. & % of Tax Credit Units: 25 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project-based Voucher (25 units - 100%)
 HOME / HOPWA
 Average Targeted Affordability of Special Needs/SRO Project Units: 38.80%
 Affordability Breakdown by Units and % (Lowest Income Points):
 30% AMI: 14 55 %
 50% AMI: 11 40 %

Information

Set-Aside: Nonprofit Homeless Assistance
 Housing Type: Special Needs
 Type of Special Needs: Homesless/formerly homeless and persons with HIV/AIDS
 % of Special Need Units: 25 units 100%
 Geographic Area: North & East Bay Region
 TCAC Project Analyst: Connie Harina

Unit Mix

5 SRO/Studio Units
 20 1-Bedroom Units
 1 2-Bedroom Units

 26 Total Units

<u>Unit Type & Number</u>	<u>2013 Rents Targeted % of Area Median Income</u>	<u>2013 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 SRO/Studio	30%	17%	\$270
1 SRO/Studio	30%	30%	\$468
3 SRO/Studio	50%	50%	\$781
6 1 Bedroom	30%	16%	\$275
6 1 Bedroom	30%	30%	\$502
8 1 Bedroom	50%	50%	\$836
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$12,549,739
 Estimated Residential Project Cost: \$12,549,739

Residential

Construction Cost Per Square Foot: \$314
 Per Unit Cost: \$482,682

Construction Financing

<u>Source</u>	<u>Amount</u>
Silicon Valley Bank	\$6,800,000
City of Oakland HOME	\$1,960,000
Alameda County HOPWA	\$1,200,000
Tax Credit Equity	\$1,000,000

Permanent Financing

<u>Source</u>	<u>Amount</u>
City of Oakland HOME	\$1,960,000
Alameda County HOPWA	\$1,200,000
Deferred Developer Fee	\$53,671
Tax Credit Equity	\$9,336,068
TOTAL	\$12,549,739

Determination of Credit Amount(s)

Requested Eligible Basis: \$8,225,682
 130% High Cost Adjustment: Yes
 Qualified Basis: \$10,693,387
 Applicable Rate: 9.00%
 Maximum Annual Federal Credit: \$962,405
 Approved Developer Fee (in Project Cost & Eligible Basis): \$1,200,000
 Investor/Consultant: Community Economics
 Federal Tax Credit Factor: \$0.97008

Per Regulation Section 10322(i)(4)(A), 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, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$8,225,682
Actual Eligible Basis:	\$10,688,357
Unadjusted Threshold Basis Limit:	\$5,641,030
Total Adjusted Threshold Basis Limit:	\$8,225,683

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

Parking Beneath Residential Units

100% of Units for Special Needs Population

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all common areas

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Special Needs
Second:	42.960%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.20%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information: None

Legal Status: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency:

The Local Reviewing Agency, City of Oakland, has completed a site review of this project and strongly supports this project.

Recommendation: Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal Tax Credits/Annual	State Tax Credits/Total
\$962,405	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness to Proceed Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

TCAC 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 TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC 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 TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC 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 TCAC 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 ten 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)(6) 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.

Additional Conditions: None

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ¼ mile of public park or community center open to general public	3	3	3
Within ¼ mile of public library	3	3	0
Special Needs/SRO project within ½ mile of facility serving tenant pop.	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	1	1	1
Service Amenities	10	10	10
SPECIAL NEEDS AND SRO HOUSING TYPES			
Case Manager, minimum ratio of 1 FTE to 160 bedrooms	3	3	3
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	0
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 600 bdrms	3	0	3
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: GreenPoint Rated	5	5	5
Develop project to requirements of: GreenPoint Rated Multifamily 125	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	15	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	148	143	138

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 RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.