

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
August 6, 2024**

BUSD Workforce Housing, located at 1701 San Pablo Avenue in Berkeley on a 0.78 acre site, requested and is being recommended for a reservation of \$2,559,765 in annual federal tax credits and \$9,131,113 in total state tax credits and \$39,443,118 of tax-exempt bond cap to finance the new construction of 110 units of housing, consisting of 97 restricted rental units, 12 market-rate units, and 1 unrestricted manager's unit. The project will have 60 one-bedroom units, 25 two-bedroom units, and 25 three-bedroom units, serving families with rents affordable to households earning 30%-80% of area median income (AMI). The building will be a 110-unit, Type III-A over Type I-A construction, six-story new construction project with a contemporary design, featuring exterior building materials such as metal siding, plaster, and masonry finishes. Common amenities include laundry room, elevators, secure bicycle storage, property management offices, a lobby gathering area, a meeting room a fitness center on the ground floor, and a multi-purpose room and offices on the second floor. Each unit will have energy-efficient light fixtures, water-efficient plumbing fixtures, central heating and cooling, ample storage space, a stove and range, and a refrigerator. The construction is expected to begin in December 2024 and be completed in October 2026. The project will be developed by Satellite Affordable Housing Associates and will be located in Senate District 9 and Assembly District 14.

The project financing includes state funding from the Mixed-Income Program (MIP) through CalHFA.

Project Number CA-24-489

Project Name BUSD Workforce Housing
Site Address: 1701 San Pablo Avenue
Berkeley, CA 94702
County: Alameda
Census Tract: 4222.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,559,765	\$9,131,113
Recommended:	\$2,559,765	\$9,131,113

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

Tax-Exempt Bond Allocation
Recommended: \$39,443,118

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Satellite Affordable Housing Associates
Contact: Eve Stewart
Address: 1835 Alcatraz Avenue
Berkeley, CA 94703
Phone: 510-809-2754
Email: estewart@sahahomes.org

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Housing Finance Agency
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Silicon Valley Bank

Development Team

General Partner(s) or Principal Owner(s): San Pablo GP LLC
 1701 San Pablo LLC

General Partner Type: Nonprofit

Parent Company(ies): Abode Communities
 Satellite Affordable Housing Associates

Developer: Satellite Affordable Housing Associates

Investor/Consultant: California Housing Partnership

Management Agent: Satellite Affordable Housing Associates

Project Information

Construction Type: New Construction

Total # Residential Buildings: 1

Total # of Units: 110

No. / % of Low Income Units: 97 88.99%

Average Targeted Affordability: 56.29%

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

Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family

Geographic Area: East Bay Region

State Ceiling Pool: New Construction

Set Aside: Mixed Income Set Aside

CDLAC Project Analyst: Amit Sarang

CTCAC Project Analyst: Franklin Cui

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	25	26%
50% AMI:	25	26%
60% AMI:	15	15%
80% AMI*:	32	33%

*CTCAC restricted only

Unit Mix

60 1-Bedroom Units

25 2-Bedroom Units

25 3-Bedroom Units

110 Total Units

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
13 1 Bedroom	30%	\$832
6 2 Bedrooms	30%	\$999
6 3 Bedrooms	30%	\$1,153
13 1 Bedroom	50%	\$1,387
6 2 Bedrooms	50%	\$1,665
6 3 Bedrooms	50%	\$1,923
7 1 Bedroom	60%	\$1,665
4 2 Bedrooms	60%	\$1,998
4 3 Bedrooms	60%	\$2,307
14 1 Bedroom	80%	\$2,220
9 2 Bedrooms	80%	\$2,664
9 3 Bedrooms	80%	\$3,077
1 1 Bedroom	Manager's Unit	\$0
12 1 Bedroom	Market Rate Unit	\$2,554

Project Cost Summary at Application

Land and Acquisition	\$390,725
Construction Costs	\$53,879,276
Construction Hard Cost Contingency	\$2,726,754
Soft Cost Contingency	\$412,004
Architectural/Engineering	\$2,636,029
Const. Interest, Perm. Financing	\$5,771,701
Legal Fees	\$170,000
Reserves	\$699,900
Other Costs	\$4,827,086
Developer Fee	\$4,000,000
Total	\$75,513,475

Residential

Construction Cost Per Square Foot:	\$512
Per Unit Cost:	\$686,486
Estimated Hard Per Unit Cost:	\$443,174
True Cash Per Unit Cost*:	\$662,260
Bond Allocation Per Unit:	\$358,574
Bond Allocation Per Restricted Rental Unit:	\$606,817

Construction Financing

<u>Source</u>	<u>Amount</u>
Silicon Valley Bank: Tax-Exempt	\$39,443,118
Silicon Valley Bank: Taxable	\$3,940,402
City of Berkeley	\$22,050,000
Accrued Interest	\$870,178
Deferred Costs	\$1,653,031
General Partner Equity	\$100
Deferred Developer Fee	\$2,664,882
Tax Credit Equity	\$4,891,764

Permanent Financing

<u>Source</u>	<u>Amount</u>
CalHFA: Tax-Exempt	\$10,196,000
CalHFA: MIP	\$4,000,000
City of Berkeley	\$24,500,000
Accrued Interest	\$870,178
General Partner Equity	\$100
Deferred Developer Fee	\$2,664,882
Tax Credit Equity	\$33,282,315
TOTAL	\$75,513,475

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$71,910,930
130% High Cost Adjustment:	No
Applicable Fraction:	88.99%
Qualified Basis:	\$63,994,130
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,559,765
Total State Credit:	\$9,131,113
Approved Developer Fee (in Project Cost & Eligible Basis):	\$4,000,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.97028
State Tax Credit Factor:	\$0.92491

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.

CTCAC Significant Information / Additional Conditions:

Staff noted a per-unit cost of \$662,260. The applicant noted that these costs are driven by many factors; including the requirement for a payment of prevailing wages, higher interest rates, larger unit sizes bringing added project costs, and the increase in insurance premiums for construction.

CDLAC Analyst Comments

None

Resyndication and Resyndication Transfer Event

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).

Point Criteria	New Const. Max. Points	Rehabilitation Max. Points	Points Scored
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	10
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	120

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

Tie Breaker: 78.800%