

From: [Francesco Papalia](#)
To: [HOUSING ADVISORY COMMISSION](#)
Subject: ITEM 3 PUBLIC COMMENT
Date: Tuesday, April 1, 2025 4:11:47 PM
Attachments: [CAL Treasurer.s Report Financing 755 Cleveland.pdf](#)

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Warning: This email originated from outside the City of Albany. Think before you click!

At the March HAC Meeting, I spoke about the Affordable Housing Development at 755 Cleveland Ave in Albany that cost almost \$1mil/unit to build at a cost per square foot of living area of \$1354. That makes it the most expensive living space in all of Albany and it is as close to the freeway and train tracks as possible.

The following is the verbatim presentation I sent to the City Council in October of 2024. Please read the attached State Treasurer's Report clearly verifying the cost figures cited. It is short and easy to read.

Thanks,
Francesco Papalia

Date: Mon, Oct 21, 2024, at 2:28 PM Subject: OCT 21, 2024, Good of the City: 755 Cleveland 62 Units Affordable Housing

Dear Albany City Council,

I received the attached file last month from an Albany architect friend after a discussion about some of the permitting regulations and related code requirements that are unique to Albany that can add tens of thousands of dollars to all new renovation projects in Albany, including and especially single-family homes.

But the attachment is a report from the State Treasurer's Office on 755 Cleveland Ave. According to the report, the construction of 62 units cost \$61.8 mil. at a cost of \$633/SF that includes non-living areas.

I have supported this project since its inception and was present for the formal groundbreaking event.

From the SAHA website I found average sizes for 1Bdrm of 507 SF, 2Bdrm of 782 SF and 3Bdrm of 1026 SF.

https://housing.acgov.org/listing/7a85a3f2-e394-48ad-b8d1-bc9c89029b37/albany_family_housing_755_cleveland_avenue_albany_ca

I estimated a total living area of 45,631.5 SF at a cost of \$1354/SF not including non-living area. SAHA only listed some of the unit sizes.

An average cost per average sized (of all 62 units) 736 SF unit is \$996,544.

As part of that \$61.8mil there is City of Albany Land: \$4,650,000 as Permanent Financing.

Do these figures raise any questions for you about the use of public tax funds to build public taxpayer subsidized housing that is labeled as Affordable Housing?

Can you tell me and the Financial Advisory Committee (FAC) how the land cost of \$4.65mil was paid and into what account? I don't recall seeing that posted in any report in a FAC Meeting. Or is that just an accounting item but not actually transferred?

I heard from a former CC member that the land was purchased by the City from the DOT using the last of state redevelopment money allocated to Albany. Is that true?

As a reference for nearby purchase costs of property nearby at 555 Pierce St., property values for

2-bedroom/2-bath condos with ungraded kitchens and baths with an average size of 1120 SF, sell for \$500,000 to \$600,000 with all of the amenities like pools and tennis courts.

And they all pay toward our local tax base. When I see a construction cost of \$1,057,474 for an average sized 2-bedroom/1-bath 736 SF rental unit, my affordability sensors tell me something is not right.

Two condominiums at 555 Pierce St. could be purchased with 50% more space and a second bath for only \$50,000 per unit more than the cost of one unit at 755 Cleveland Ave.

On page 4 of the report under Significant Information/Additional Conditions:

Staff noted a per unit cost of \$996,845. The applicant noted that the high cost per unit is attributed to several factors including rising commodity costs, prevailing wage requirements, earthwork for an unlevel site, as well as noise mitigation and additional air filtration due to proximity to freeway and rail.

My understanding is that prevailing wage means union wage.

I expect that the for-profit contractors charge their standard mark-up as a percentage of the wages, therefore the higher the wage costs the higher their profit.

My understanding is that all of the bathrooms must be ADA compliant so they are larger and

the non-bathroom living area must be smaller than otherwise.

Satellite Affordable Housing Associates (SAHA), the non-profit developer, is receiving a \$3,000,000 Developer Fee.

I bring this information to the Council and the general public because I believe it is very important that the real cost of this large project must be fully disclosed and understood. The Project is not completed yet and I would like to believe that a final report with more precise figures will be made public to the City Council and the Financial Advisory Committee.

Is there a better way to provide publicly subsidized housing at a lower and more efficient cost?

Is the cost of almost \$1,000,000 per 736 square foot, 2-bedroom, 1 bath unit the model for the future?

Could for-profit developers build them without public funding by allowing them a greater density bonus for providing a certain percentage of affordable units. Unlike 755 Cleveland Ave., a for-profit development would pay property taxes to help support schools, infrastructure costs, medical care, climate change action and all the other services we deem essential for our community and the entire State of California. I believe some of the subsidies must be ongoing for the life of the project.

A full and public final and complete report on this \$62 million project should be agendized by the City Council or the Financial Advisory Committee as soon as possible upon completion of the project.

I repeat that I have supported this project since its inception and I was present for the formal groundbreaking event with great anticipation for its completion.

I am not speaking on behalf of my fellow FAC members, but I would like to bring this issue up at our November scheduled meeting.

Thank You,

Francesco Papalia, Albany

Financial Advisory Committee Member

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
June 15, 2022

Albany Family Housing, located at 755 Cleveland Avenue in Albany, requested and is being recommended for a reservation of \$2,614,637 in annual federal tax credits and \$15,084,444 in total state tax credits to finance the new construction of 61 units of housing serving large families with rents affordable to households earning 20%-60% of area median income (AMI). The project will be developed by Satellite Affordable Housing Associates and will be located in Senate District 9 and Assembly District

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 program of HCD .

Project Number CA-22-496

Project Name Albany Family Housing
 Site Address: 755 Cleveland Avenue
 Albany, CA 94706 County: Alameda
 Census Tract: 4203.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,614,637	\$15,084,444
Recommended:	\$2,614,637	\$15,084,444

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

Applicant Information

Applicant: Satellite Affordable Housing Associates
 Contact: Eve Stewart
 Address: 1835 Alcatraz Avenue
 Albany, CA 94703
 Phone: 510-809-2754
 Email: estewart@sahahomes.org

General Partner(s) or Principal Owner(s): Satellite AHA Development, Inc.
 General Partner Type: Nonprofit
 Parent Company(ies): Satellite Affordable Housing Associates
 Developer: Satellite Affordable Housing Associates
 Bond Issuer: California Municipal Finance Authority
 Investor/Consultant: California Housing Partnership Corporation
 Management Agent: Satellite Affordable Housing Associates Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 62
 No. / % of Low Income Units: 61 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HOME / AHP / HUD Section 8 Project-based Vouchers (5 units - 8%)

Information

Housing Type: Large Family
 Geographic Area: East Bay Region
 CTCAC Project Analyst: Sarah Gullikson

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
20% AMI:	13	21%
30% AMI:	6	10%
50% AMI:	12	20%
60% AMI:	30	49%

Unit Mix

2 SRO/Studio Units
23 1-Bedroom Units
20 2-Bedroom Units
17 3-Bedroom Units
62 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
2 SRO/Studio	20%	\$479
11 1 Bedroom	20%	\$513
6 1 Bedroom	30%	\$770
2 1 Bedroom	50%	\$1,284
2 2 Bedrooms	50%	\$1,541
5 2 Bedrooms	50%	\$1,541
3 3 Bedrooms	50%	\$1,781
4 1 Bedroom	60%	\$1,541
12 2 Bedrooms	60%	\$1,849
14 3 Bedrooms	60%	\$2,137
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,731,884
Construction Costs	\$38,178,140
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,826,002
Soft Cost Contingency	\$469,801
Relocation	\$0
Architectural/Engineering	\$1,490,710
Const. Interest, Perm. Financing	\$3,465,913
Legal Fees	\$70,000
Reserves	\$4,662,921
Other Costs	\$1,909,025
Developer Fee	\$3,000,000
Commercial Costs	\$0
Total	\$61,804,396

Residential

Construction Cost Per Square Foot:	\$633
Per Unit Cost:	\$996,845
True Cash Per Unit Cost*:	\$986,986

Construction Financing

<u>Source</u>	<u>Amount</u>
Silicon Valley Bank: Tax-Exempt	\$29,882,000
Silicon Valley Bank: Taxable Tail	\$8,565,500
Federal Home Loan Bank: AHP	\$915,000
Alameda County: A1	\$2,330,026
Alameda County: HOME	\$2,698,857
City of Albany: Land	\$4,650,000
City of Albany: Fee Waiver	\$406,094
Accrued Interest	\$202,310
Deferred Costs	\$6,642,739
Deferred Developer Fee	\$205,152
Tax Credit Equity	\$5,306,718

Permanent Financing

<u>Source</u>	<u>Amount</u>
CCRC: Tax-Exempt	\$3,933,000
Federal Home Loan Bank: AHP	\$915,000
HCD NPLH	\$5,773,946
HCD NPLH: COSR	\$3,632,401
Alameda County: A1	\$2,330,026
Alameda County: HOME	\$2,698,857
City of Albany: Land	\$4,650,000
City of Albany: Fee Waiver	\$406,094
Accrued Interest	\$202,310
General Partner Contribution	\$794,848
Deferred Developer Fee	\$205,152
Tax Credit Equity	\$36,262,762
TOTAL	\$61,804,396

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$50,281,480
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$65,365,924
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,614,637
Total State Credit:	\$15,084,444
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,000,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.92000
State Tax Credit Factor:	\$0.80932

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

Staff noted a per unit cost of \$996,845. The applicant noted that the high cost per unit is attributed to several factors including rising commodity costs, prevailing wage requirements, earthwork for an unlevel site, as well as noise mitigation and additional air filtration due to proximity to freeway and rail.

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.