

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2012 Second Round**  
**October 10, 2012**

**Project Number** CA-12-158

**Project Name** West Capitol Courtyards I  
 Site Address: 2455 West Capitol Avenue  
 West Sacramento, CA 95691 County: Yolo  
 Census Tract: 102.030

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$336,645	\$0
Recommended:	\$336,645	\$0

**Applicant Information**

Applicant: WSHDC West Capitol Courtyards I, a California LP  
 Contact: Paul Kolarik  
 Address: 2455 West Capitol Avenue #106  
 West Sacramento CA, 95691  
 Phone: (916) 715-4853 Fax: (916) 372-6117  
 Email: wshdc@sbcglobal.net

General partner(s) or principal owner(s): West Sacramento Housing Development Corporation  
 Cyrus Youssefi  
 General Partner Type: Joint Venture  
 Developer: WSHCD / CFY Development, Inc.  
 Investor/Consultant: PNC Bank, National Association  
 Management Agent: The John Stewart Company

**Project Information**

Construction Type: Rehabilitation  
 Total # Residential Buildings: 8  
 Total # of Units: 50  
 No. & % of Tax Credit Units: 49 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: N/A  
 Affordability Breakdown by Units and % (Lowest Income Points):  
 30% AMI: 5 10 %  
 40% AMI: 5 10 %  
 45% AMI: 5 10 %  
 50% AMI: 18 35 %

**Information**

Set-Aside: N/A  
 Housing Type: Large Family  
 Geographic Area: Capital and Northern Region  
 TCAC Project Analyst: Connie Osorio

**Unit Mix**

6 1-Bedroom Units  
 29 2-Bedroom Units  
15 3-Bedroom Units  
 50 Total Units

<u>Unit Type &amp; Number</u>	<u>2012 Rents Targeted % of Area Median Income</u>	<u>2012 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	30%	30%	\$430
1 1 Bedroom	40%	40%	\$571
1 1 Bedroom	45%	40%	\$571
2 1 Bedroom	50%	40%	\$571
1 1 Bedroom	60%	40%	\$571
2 2 Bedrooms	30%	30%	\$515
2 2 Bedrooms	40%	39%	\$684
2 2 Bedrooms	45%	39%	\$684
11 2 Bedrooms	50%	39%	\$684
11 2 Bedrooms	60%	39%	\$684
2 3 Bedrooms	30%	30%	\$594
2 3 Bedrooms	40%	39%	\$780
2 3 Bedrooms	45%	39%	\$780
5 3 Bedrooms	50%	39%	\$780
4 3 Bedrooms	60%	39%	\$780
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost:	\$9,569,140
Estimated Residential Project Cost:	\$8,194,172
Estimated Commercial Project Cost	\$1,374,968

**Residential**

Construction Cost Per Square Foot:	\$36
Per Unit Cost:	\$163,883

**Construction Financing**

Source	Amount
Umpqua Bank	\$2,997,000
City of West Sacramento	\$1,465,348
City of West Sacramento	\$3,551,178
City of West Sacramento	\$56,842
Existing Operating Reserves	\$72,048
Deferred Developer Fee	\$425,301
Tax Credit Equity	\$1,001,423

**Permanent Financing**

Source	Amount
Umpqua Bank (Residential)	\$809,775
Umpqua Bank (Retail)	\$324,225
City of West Sacramento	\$1,465,348
City of West Sacramento	\$3,551,178
City of West Sacramento	\$56,842
Deferred Developer Fee	\$28,991
Tax Credit Equity	\$3,332,781
<b>TOTAL</b>	<b>\$9,569,140</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$2,877,305
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$3,740,497
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$336,645
Approved Developer Fee in Project Cost:	\$425,301
Approved Developer Fee in Eligible Basis:	\$375,301
Investor/Consultant:	PNC Bank, National Association
Federal Tax Credit Factor:	\$0.99000

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:	\$2,877,305
Actual Eligible Basis:	\$2,877,305
Unadjusted Threshold Basis Limit:	\$12,676,684
Total Adjusted Threshold Basis Limit:	\$12,676,684

**Adjustments to Basis Limit:** None

**Tie-Breaker Information**

First: **Large Family**  
Second: **65.781%**

**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 meet 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:**

Staff noted that the preliminary architectural drawings did not identify dishwashers which must be available in every unit. Also, staff was unable to verify the amount of washer/dryers required by regulation. Adequate laundry facilities must be available on project premises, with no fewer than one washer/dryer per 10 units upon completion of the project prior to the issuance of federal and state tax forms.

Staff also noted the hard cost contingency to be higher than average for a rehabilitation project. The applicant noted that the higher than average cost is attributed to the inclusion of the estimated cost of incorporating solar for other parts of the project beyond the laundry area as currently budgeted.

This project has received a waiver for the minimum square footage requirement for four (4) 684 square foot two bedroom units.

**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 West Sacramento, 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$336,645</b>	<b>\$0</b>

**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

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Public Funds	20	20	20
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ¼ mile of transit stop, service every 30 minutes in rush hours	6	6	6
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	1	1	1
In-unit high speed internet service	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES</b>			
Adult ed/health & wellness/skill bldg classes, minimum 60 hrs/yr instruction	5	5	5
Health & wellness services and programs, minimum 40 hrs per 100 bdrms	2	2	2
After school program for school age children, minimum of 6 hours/week	3	3	3
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>REHABILITATION</b>			
Rehabilitate to improve energy efficiency (change in HERS II rating): 30%	10	10	10
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>148</b>	<b>148</b>	<b>148</b>

**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.**