

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**August 21, 2013**

**Project Number** CA-13-866

**Project Name** South Sacramento Mutual Housing (Greenway, Los Robles, Glen Ellen)

Site Addresses:	Greenway 6311 Sampson Blvd. Sacramento, CA 95824	Los Robles 5500 Sky Parkway Sacramento, CA 95823
Census Tracts:	46.01	47.01

Glen Ellen  
2380 Glen Ellen Circle  
Sacramento, CA 95822  
38.00

County: Sacramento

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$919,121	\$0
Recommended:	\$919,121	\$0

**Applicant Information**

Applicant:	Mutual Housing California	
Contact:	Keith Bloom	
Address:	8001 Fruitridge Blvd., Suite A Sacramento, CA 95820	
Phone:	916-453-8400	Fax: 916-453-8401
Email:	keith@mutualhousing.com	

General Partner(s) or Principal Owner(s):	Mutual Housing California
General Partner Type:	Nonprofit
Parent Company(ies):	Mutual Housing California
Developer:	Mutual Housing California
Investor/Consultant:	Community Economics
Management Agent:	John Berkley Management

**Project Information**

Construction Type: Acquisition & Rehabilitation  
Total # Residential Buildings: 44  
Total # of Units: 169  
No. & % of Tax Credit Units: 166 100.00%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt / HOME  
HCD MHP Funding: No  
55-Year Use/Affordability: Yes  
Number of Units @ or below 50% of area median income: 50  
Number of Units @ or below 60% of area median income: 116

**Bond Information**

Issuer: Sacramento County Housing Authority  
Expected Date of Issuance: October 1, 2013  
Credit Enhancement: N/A

**Information**

Housing Type: Large Family  
Geographic Area: Capital and Northern Region  
TCAC Project Analyst: Connie Harina

**Unit Mix**

28 1-Bedroom Units  
81 2-Bedroom Units  
40 3-Bedroom Units  
12 4-Bedroom Units  
8 5-Bedroom Units  

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169 Total Units

<b>Unit Type &amp; Number</b>	<b>2013 Rents Targeted % of Area Median Income</b>	<b>2013 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
<b>Greenway Village*</b>			
5 1 Bedroom	50%	35%	\$476
4 1 Bedroom	50%	44%	\$477
3 1 Bedroom	60%	50%	\$478
2 2 Bedroom	50%	35%	\$479
14 2 Bedroom	60%	46%	\$480
5 2 Bedroom	60%	51%	\$481
5 3 Bedroom	50%	35%	\$482
7 3 Bedroom	60%	49%	\$483
2 5 Bedroom	50%	34%	\$484
3 5 Bedroom	60%	45%	\$485
3 5 Bedroom	60%	46%	\$486
2 2 Bedrooms	Manager's Unit	Manager's Unit	\$915
<b>Los Robles*</b>			
9 1 Bedroom	50%	40%	\$543
7 1 Bedroom	60%	50%	\$673
7 2 Bedrooms	50%	40%	\$651
10 2 Bedrooms	60%	50%	\$813
6 2 Bedrooms	60%	51%	\$828
7 3 Bedrooms	50%	40%	\$752
21 3 Bedrooms	60%	48%	\$911
2 4 Bedrooms	50%	38%	\$803
5 4 Bedrooms	60%	47%	\$989
5 4 Bedrooms	60%	48%	\$997
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$915
<b>Glen Ellen*</b>			
27 2 Bedrooms	60%	43%	\$706
7 2 Bedrooms	50%	43%	\$706
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$915

\*The properties total 169 units, including 1 two-bedroom manager's unit per property.

**Project Financing**

Estimated Total Project Cost:	\$27,111,533
Estimated Residential Project Cost:	\$27,111,533

**Residential**

Construction Cost Per Square Foot:	\$67
Per Unit Cost:	\$160,423

**Construction Financing**

Source	Amount
Bank of America	\$16,000,000
SHRA Assumed Loans	\$3,749,271
New SHRA Cash Loan	\$909,504
HCD DPRLP	\$155,349
Seller Note	\$4,160,711
Tax Credit Equity	\$250,000

**Permanent Financing**

Source	Amount
Bank of America	\$1,278,000
SHRA Assumed Loans	\$3,749,271
SHRA Cash Loan	\$6,300,000
HCD DPRLP	\$155,349
Seller Note	\$4,160,711
Income from Operations	\$87,008
Energy Credit Equity	\$584,897
General Partner Equity	\$1,014
Deferred Developer Fee	\$1,364,411
Tax Credit Equity	\$9,430,872
<b>TOTAL</b>	<b>\$27,111,533</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$11,634,413	<b>Two Sites:</b> Greenway,
130% High Cost Adjustment:		Yes Los Robles
Qualified Basis (Rehabilitation):	\$15,124,738	
Requested Eligible Basis (Rehabilitation):	\$3,527,009	<b>One Site:</b> Glen Ellen
130% High Cost Adjustment:		No
Qualified Basis (Rehabilitation):	\$3,527,009	
Requested Eligible Basis (Acquisition):	\$10,070,779	<b>All Sites</b>
Qualified Basis (Acquisition):	\$10,070,779	
Applicable Fraction:	100.00%	
Applicable Rate:	3.20%	
Maximum Annual Federal Credit, Rehabilitation:	\$596,857	
Maximum Annual Federal Credit, Acquisition:	\$322,264	
Total Maximum Annual Federal Credit:	\$919,121	
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000	
Investor/Consultant:	Community Economics	
Federal Tax Credit Factor:	\$1.02608	

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:	\$25,232,201
Actual Eligible Basis:	\$25,283,858
Unadjusted Threshold Basis Limit:	\$40,759,328
Total Adjusted Threshold Basis Limit:	\$52,987,126

**Adjustments to Basis Limit:**

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 30%

**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 3.20% of the qualified basis. 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:**

This scattered site project is a re-syndication of two existing Low Income Housing Tax Credit (LIHTC) projects, Los Robles (CA-95-101) and Greenway (CA-95-102) and a rehabilitation of one HUD restricted site Glen Ellen. The two LIHTC sites are in Qualified Census Tracts (QCT) and are eligible for a 130% high cost basis adjustment.

**Local Reviewing Agency:**

The Local Reviewing Agency, Sacramento Housing and Redevelopment Agency, 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>\$919,121</b>	<b>\$0</b>

**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.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

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 reservation 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.

**Additional Conditions:** None