

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**October 16, 2019**

Arena Seniors Apartments, located at the corner of Truxel Road & East Sports Parkway in Sacramento, requested and is being recommended for a reservation of \$1,250,664 in annual federal tax credits to finance the new construction of 214 units of housing serving seniors with rents affordable to households earning 40-80% of area median income (AMI). The project will be developed by Ionic Enterprises, Inc. and will be located in Senate District 6 and Assembly District 7.

The project financing includes state funding from the MIP program of CalHFA.

**Project Number** CA-19-550

**Project Name** Arena Seniors Apartments  
 Site Address: Corner of Truxel Road & East Sports Parkway  
 Sacramento, CA 95834 County: Sacramento  
 Census Tract: 70.18

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,250,664	\$0
Recommended:	\$1,250,664	\$0

**Applicant Information**

Applicant: Arena Senior Investors, LP  
 Contact: Paul Stamas  
 Address: 3007 Douglas Blvd., Ste 170  
 Roseville, CA 95661  
 Phone: (916) 783-0330  
 Email: pzstamas@surewest.net

General Partner(s) or Principal Owner(s): Ionic Enterprises, Inc.  
 Greek Orthodox Housing Corporation  
 General Partner Type: Joint Venture  
 Parent Company(ies): Ionic Enterprises, Inc.  
 Greek Orthodox Housing Corporation  
 Developer: Ionic Enterprises, Inc.  
 Investor/Consultant: WNC & Associates  
 Management Agent: FPI Management Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 4  
 Total # of Units: 240  
 No. / % of Low Income Units: 238 100.00%  
 Federal Set-Aside Elected: 40%/60% Average Income  
 Federal Subsidy: Tax-Exempt  
 Utility Allowance: CUAC

**Bond Information**

Issuer: California Housing Finance Agency  
 Expected Date of Issuance: November 15, 2019

**Information**

Housing Type: Seniors  
 Geographic Area: Capital Region  
 TCAC Project Analyst: Sara Dixon

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
40% AMI: 57	24%
60% AMI: 112	47%
80% AMI: 45	19%

**Unit Mix**

138 1-Bedroom Units
<u>102 2-Bedroom Units</u>
240 Total Units

<u>Unit Type &amp; Number</u>	<u>2019 Rents Targeted % of Area Median Income</u>	<u>2019 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
32 1 Bedroom	40%	40%	\$627
66 1 Bedroom	60%	60%	\$941
25 1 Bedroom	80%	80%	\$1,255
25 2 Bedrooms	40%	40%	\$753
46 2 Bedrooms	60%	60%	\$1,129
20 2 Bedrooms	80%	80%	\$1,506
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0
14 1 Bedroom	Market Rate Unit	Market Rate Unit	\$1,263
10 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$1,533

**Project Cost Summary at Application**

Land and Acquisition	\$3,100,000
Construction Costs	\$29,439,798
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,352,337
Soft Cost Contingency	\$200,000
Relocation	\$0
Architectural/Engineering	\$175,000
Const. Interest, Perm. Financing	\$2,718,092
Legal Fees	\$180,000
Reserves	\$598,553
Other Costs	\$3,766,207
Developer Fee	\$5,542,988
Commercial Costs	\$0
<b>Total</b>	<b>\$47,072,975</b>

**Residential**

Construction Cost Per Square Foot:	\$160
Per Unit Cost:	\$196,137
True Cash Per Unit Cost*:	\$183,960

**Construction Financing**

Source	Amount
Citibank	\$37,592,160
Deferred Reserves	\$598,553
Deferred Developer Fee	\$5,542,988
Tax Credit Equity	\$3,339,274

**Permanent Financing**

Source	Amount
Citibank	\$27,019,599
CalHFA Gap Loan - MIP	\$6,000,000
Deferred Developer Fee	\$2,922,463
Tax Credit Equity	\$11,130,913
<b>TOTAL</b>	<b>\$47,072,975</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$42,496,243
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$42,496,243
Applicable Rate:	3.30%
Total Maximum Annual Federal Credit:	\$1,250,664
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,542,988
Investor/Consultant:	WNC & Associates
Federal Tax Credit Factor:	\$0.89000

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.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$42,496,243
Actual Eligible Basis:	\$42,496,243
Unadjusted Threshold Basis Limit:	\$71,499,276
Total Adjusted Threshold Basis Limit:	\$91,464,645

**Adjustments to Basis Limit**

Local Development Impact Fees  
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 23%

**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 are below the minimum operating expenses established in the Regulations, as allowed under regulation section 10327(g)(1). See the **Significant Information** section of this report below. The project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.30% 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.

**Significant Information / Additional Conditions**

The applicant's estimate of the project's operating expenses of \$3,464 per unit per year is below the TCAC minimum operating expense requirement. As allowed under TCAC Regulation Section 10327(g)(1) the operating expenses may be up to 15% below the TCAC minimum if approved by the Executive Director and confirmed by the permanent lender and the tax credit equity investor. TCAC has approved the lower operating expense.

**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.

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.

**CDLAC Additional Conditions**

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.