CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 14, 2020

Vacaville Gables, located at 131 Gables Avenue in Vacaville, requested and is being recommended for a reservation of $427,789 in annual federal tax credits to finance the acquisition and rehabilitation of 64 units of housing serving tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by LEDG Capital, LLC and is located in Senate District 3 and Assembly District 11.

Vacaville Gables is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Vacaville Gables Apartments (CA-1998-811). See **Resyndication and Resyndication Transfer Event** below for additional information. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number	CA-20-560	
Project Name	Vacaville Gables	
Site Address:	131 Gables Avenue	
	Vacaville, CA 95688	County: Solano
Census Tract:	2532.04	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$427,789	$0
Recommended:	$427,789	$0

Applicant Information

Applicant:	LEDG Vacaville, LP
Contact:	Jacob Levy
Address:	201 Wilshire Boulevard Santa Monica, CA 90401
Phone:	(310) 883-7900
Email:	jacob@ledgcapital.com

General Partner(s) or Principal Owner(s):	To-be-formed single purpose entity Central Valley Coalition for Affordable Housing
General Partner Type:	Joint Venture
Parent Company(ies):	LEDG Capital, LLC Central Valley Coalition for Affordable Housing
Developer:	LEDG Capital, LLC
Investor/Consultant:	Alliant Capital
Management Agent:	Platinum Realty Management

Project Information

Construction Type: Acquisition & Rehabilitatioı
Total # Residential Buildings: 16
Total # of Units: 65
No. / % of Low Income Units: 64 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD Section 8 Project Based Vouchers (16 units - 24%)

Bond Information

Issuer: CSCDA
Expected Date of Issuance: September 1, 2020

Information

Housing Type: Non-Targeted
Geographic Area: Northern Region
TCAC Project Analyst: Marlene McDonough

55-Year Use / Affordability

	Aggregate Targeting Number of Units	Percentage of Affordable Units
30% AMI:	3	5%
40% AMI:	13	20%
60% AMI:	48	75%

Unit Mix

56 2-Bedroom Units
9 3-Bedroom Units
65 Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
3	2 Bedrooms	30%	30%	$579
10	2 Bedrooms	40%	40%	$772
3	3 Bedrooms	40%	40%	$891
42	2 Bedrooms	60%	60%	$1,158
6	3 Bedrooms	60%	60%	$1,337
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$5,500,000
Construction Costs	$0
Rehabilitation Costs	$5,024,919
Construction Hard Cost Contingency	$427,187
Soft Cost Contingency	$106,790
Relocation	$162,500
Architectural/Engineering	$130,000
Const. Interest, Perm. Financing	$710,502
Legal Fees	$75,000
Reserves	$263,220
Other Costs	$217,650
Developer Fee	$1,570,445
Commercial Costs	$0
Total	**$14,188,213**

Residential

Construction Cost Per Square Foot:	$80
Per Unit Cost:	$218,280
True Cash Per Unit Cost*:	$212,708

Construction Financing

Source	Amount
CBRE Capital Markets	$7,940,000
City of Vacaville	$1,901,108
Existing Reserve	$49,226
Deferred Developer Fee	$362,221
Tax Credit Equity	$3,935,658

Permanent Financing

Source	Amount
CBRE Capital Markets	$7,940,000
City of Vacaville	$1,901,108
Existing Reserves	$49,226
Deferred Developer Fee	$362,221
Tax Credit Equity	$3,935,658
TOTAL	**$14,188,213**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$7,593,034
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	$5,610,348
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$7,593,034
Qualified Basis (Acquisition):	$5,610,348
Applicable Rate:	3.24%
Maximum Annual Federal Credit, Rehabilitation:	$246,014
Maximum Annual Federal Credit, Acquisition:	$181,775
Total Maximum Annual Federal Credit:	$427,789
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,570,445
Investor/Consultant:	Alliant Capital
Federal Tax Credit Factor:	$0.92000

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:	$13,203,381
Actual Eligible Basis:	$13,203,381
Unadjusted Threshold Basis Limit:	$27,548,160
Total Adjusted Threshold Basis Limit:	$35,261,645

Adjustments to Basis Limit

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 20%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 8%

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 or 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 3.24% 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: None.

Resyndication and Resyndication Transfer Event

Prior to closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-1998-811). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s). Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-98-9811) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on TCAC staff's review of the commitment in the application. The services documented in the placed in service package will be reviewed by TCAC staff for compliance with this requirement at the time of the placed in service submission.

TCAC approved the transfer of the project (CA-1998-811) in July 2019 prior to the submission of the 4% tax credit application for resyndication. A Capital Needs Covenant (Existing Tax Credits - Transfer) was recorded on August 1, 2019. The Capital Needs Covenant has a Short Term Work Reserve requirement of $49.226. These funds are included in the CA-20-560 application as a source, the Short Term Work is being done concurrent with the rehabilitation, and is included in the budget as part of the Structures cost. The Short Term Work costs are excluded from eligible basis as required.

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.

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.