

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

Arden Way Apartments, located at 880, 924 and 936 Arden Way in Sacramento, requested and is being recommended for a reservation of \$1,795,715 in annual federal tax credits and \$8,399,942 in total state tax credits to finance the new construction of 119 units of housing serving large families with rents affordable to households earning 50-70% of area median income (AMI). The project will be developed by Community HousingWorks 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-20-540

**Project Name** Arden Way Apartments  
**Site Address:** 880, 924 and 936 Arden Way  
Sacramento, CA 95815 County: Sacramento  
**Census Tract:** 69.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$1,795,715	\$8,399,942
Recommended:	\$1,795,715	\$8,399,942

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

**Applicant Information**

**Applicant:** Community HousingWorks  
**Contact:** Mary Jane Jagodzinski  
**Address:** 3111 Camino del Rio North, Suite 800  
San Diego, CA 92108  
**Phone:** 619-450-8710  
**Email:** mj Jag@mchworks.org

**General Partner(s) or Principal Owner(s):** Boxwood Street Housing LLC  
**General Partner Type:** Nonprofit  
**Parent Company(ies):** Community HousingWorks  
**Developer:** Community HousingWorks  
**Investor/Consultant:** California Housing Partnership Corporation  
**Management Agent:** ConAm Management

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 2  
 Total # of Units: 120  
 No. / % of Low Income Units: 119 100.00%  
 Federal Set-Aside Elected: 40%/60% Average Income  
 Federal Subsidy: Tax-Exempt  
 Utility Allowance: CUAC

**Bond Information**

Issuer: CalHFA  
 Expected Date of Issuance: August 14, 2020

**Information**

Housing Type: Large Family  
 Geographic Area: Capital Region  
 TCAC Project Analyst: Tiffani Negrete

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
50% AMI: 14	12%
60% AMI: 93	78%
70% AMI: 12	10%

**Unit Mix**

8 SRO/Studio Units  
 43 1-Bedroom Units  
 36 2-Bedroom Units  
 33 3-Bedroom Units  


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 120 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>
1 SRO/Studio	50%	50%	\$732
7 SRO/Studio	60%	60%	\$879
5 1 Bedroom	50%	50%	\$784
38 1 Bedroom	60%	60%	\$941
4 2 Bedrooms	50%	50%	\$941
31 2 Bedrooms	60%	60%	\$1,129
4 3 Bedrooms	50%	50%	\$1,086
17 3 Bedrooms	60%	60%	\$1,304
12 3 Bedrooms	70%	70%	\$1,521
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,514,206
Construction Costs	\$28,925,800
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,184,435
Soft Cost Contingency	\$424,080
Relocation	\$0
Architectural/Engineering	\$1,829,035
Const. Interest, Perm. Financing	\$3,690,992
Legal Fees	\$135,000
Reserves	\$370,685
Other Costs	\$1,827,971
Developer Fee	\$5,070,920
Commercial Costs	\$0
<b>Total</b>	<b>\$45,973,124</b>

**Residential**

Construction Cost Per Square Foot:	\$239
Per Unit Cost:	\$383,109
True Cash Per Unit Cost*:	\$367,167

**Construction Financing**

Source	Amount
US Bank - T.E. Bonds	\$26,466,000
US Bank	\$12,493,230
Deferred Costs	\$2,733,624
Deferred Developer Fee	\$1,913,122
General Partner Equity	\$100,000
Tax Credit Equity	\$2,267,148

**Permanent Financing**

Source	Amount
CalHFA	\$10,750,000
CalHFA - MIP	\$7,610,000
Contributed Developer Fee	\$1,070,920
Deferred Developer Fee	\$1,913,122
General Partner Equity	\$100,000
Tax Credit Equity	\$24,529,082
<b>TOTAL</b>	<b>\$45,973,124</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$42,633,306
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$55,423,298
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$1,795,715
Total State Credit:	\$8,399,942
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,070,920
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.96841
State Tax Credit Factor:	\$0.84991

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:	\$42,633,306
Actual Eligible Basis:	\$42,633,306
Unadjusted Threshold Basis Limit:	\$43,452,895
Total Adjusted Threshold Basis Limit:	\$51,753,932

**Adjustments to Basis Limit**

95% of Upper Floor Units are Elevator-Serviced  
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 10%

**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**

The applicant has requested the use of a CUAC utility allowance. TCAC staff is in the process of reviewing the CUAC documentation for this existing project. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

**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.

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.