

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**Tax-Exempt Bond Project**

**April 28, 2021**

Villa Jardin/Coral Gables, located at 63 Coral Gables Court in Sacramento, requested and is being recommended for a reservation of \$1,499,630 in annual federal tax credits to finance the new construction and the acquisition and rehabilitation of 82 units of housing serving tenants with rents affordable to households earning 25-50% of area median income (AMI). The project will be developed by Villa Jardin/Coral Gables L.P. and will be located in Senate District 6 and Assembly District 9.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the MHP program of HCD.

**Project Number** CA-21-501

**Project Name** Villa Jardin/Coral Gables  
**Site Address:** 63 Coral Gables Court  
Sacramento, CA 95822 County: Sacramento  
**Census Tract:** 42.03

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,499,630	\$0
Recommended:	\$1,499,630	\$0

**Applicant Information**

**Applicant:** Villa Jardin/Coral Gables, L.P.  
**Contact:** Jack D. Gardner  
**Address:** 1388 Sutter Street, 11th Floor  
San Francisco CA 94109  
**Phone:** 415-345-4400  
**Email:** jgardner@jsco.net

**General Partner(s) or Principal Owner(s):** JSCo Villa Jardin/Coral Gables LLC  
PacH Lancaster Holdings LLC

**General Partner Type:** Joint Venture

**Parent Company(ies):** John Stewart Company  
Pacific Housing, Inc.

**Developer:** Villa Jardin/Coral Gables, L.P.

**Investor/Consultant:** Enterprise Housing Credit Investments, LLC

**Management Agent:** John Stewart Company

**Project Information**

Construction Type: New Construction / Acquisition and Rehabilitation  
 Total # Residential Buildings: 14  
 Total # of Units: 82  
 No. / % of Low Income Units: 81 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt/HUD Project-based Section 8 Vouchers (38 units-47%)

**Bond Information**

Issuer: Housing Authority of the City of Sacramento  
 Expected Date of Issuance: October 1, 2021

**Information**

Housing Type: Non-Targeted  
 Geographic Area: Capital Region  
 TCAC Project Analyst: Nicholas White

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 65	80%
50% AMI: 16	20%

**Unit Mix**

18 1-Bedroom Units  
 64 2-Bedroom Units  


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 82 Total Units

<u>Unit Type &amp; Number</u>	<u>2020 Rents Targeted % of Area Median Income</u>	<u>2020 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
18 1 Bedroom	25%	25%	\$405
20 2 Bedrooms	25%	25%	\$485
27 2 Bedrooms	30%	30%	\$582
16 2 Bedrooms	50%	50%	\$971
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$3,206,427
Construction Costs	\$12,978,954
Rehabilitation Costs	\$5,900,964
Construction Hard Cost Contingency	\$1,458,235
Soft Cost Contingency	\$215,000
Relocation	\$675,575
Architectural/Engineering	\$1,111,000
Const. Interest, Perm. Financing	\$1,481,682
Legal Fees	\$260,000
Reserves	\$897,972
Other Costs	\$647,973
Developer Fee	\$3,824,202
Commercial Costs	\$0
<b>Total</b>	<b>\$32,657,984</b>

**Residential**

Construction Cost Per Square Foot:	\$211
Per Unit Cost:	\$398,268
True Cash Per Unit Cost*:	\$394,000

**Construction Financing**

Source	Amount
US Bank - Tax Exempt Bonds	\$16,500,000
Taxable Tail	\$4,500,000
SHRA	\$3,300,000
SHRA - HOME	\$2,738,355
Deferred Costs	\$1,646,261
GP Equity	\$1,274,302
Tax Credit Equity	\$2,699,065

**Permanent Financing**

Source	Amount
HCD - MHP	\$11,500,000
SHRA	\$3,300,000
SHRA - HOME	\$2,738,355
GP Equity	\$1,274,302
Deferred Developer Fee	\$350,000
Tax Credit Equity	\$13,495,327
<b>TOTAL</b>	<b>\$32,657,984</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis (NC/Rehabilitation):	\$27,239,601
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$2,079,283
Applicable Fraction:	100.00%
Qualified Basis (NC/Rehabilitation):	\$35,411,481
Qualified Basis (Acquisition):	\$2,079,283
Applicable Rate:	4.00%
Maximum Annual Federal Credit, NC/Rehabilitation:	\$1,416,459
Maximum Annual Federal Credit, Acquisition:	\$83,171
Total Maximum Annual Federal Credit:	\$1,499,630
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,824,202
Investor/Consultant:	Enterprise Housing Credit Investments, LLC
Federal Tax Credit Factor:	\$0.89991

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:	\$29,318,884
Actual Eligible Basis:	\$29,318,884
Unadjusted Threshold Basis Limit:	\$30,558,602
Total Adjusted Threshold Basis Limit:	\$91,370,220

**Adjustments to Basis Limit**

Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 19%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 160%

**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 4.00% 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.

**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.