

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 28, 2021

Mutual Housing on the Boulevard, located at 7351 Stockton Boulevard in Sacramento, requested and is being recommended for a reservation of \$2,823,924 in annual federal tax credits and \$1,855,688 in total state tax credits to finance the new construction of 126 units of housing serving special needs tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Mutual Housing California 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 NPLH program of HCD.

Project Number CA-21-511

Project Name Mutual Housing on the Boulevard
 Site Address: 7351 Stockton Boulevard
 Sacramento, CA 95823 County: Sacramento
 Census Tract: 50.01

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,823,924	\$1,855,688
Recommended:	\$2,823,924	\$1,855,688

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

Applicant Information

Applicant: Mutual Housing California
 Contact: Roberto Jimenez
 Address: 3321 Power Inn Road, Suite 320
 Sacramento, CA 95826
 Phone: 916-453-8400
 Email: roberto@mutualhousing.com

General Partner(s) or Principal Owner(s): Stockton Boulevard Mutual Housing LLC
 General Partner Type: Nonprofit
 Parent Company(ies): Mutual Housing California
 Developer: Mutual Housing California
 Investor/Consultant: California Housing Partnership
 Management Agent: Mutual Housing Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 7
 Total # of Units: 127
 No. / % of Low Income Units: 126 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (67 Units - 53%)

Bond Information

Issuer: Sacramento Housing & Redevelopment Agency
 Expected Date of Issuance: September 1, 2021

Information

Housing Type: Special Needs
 Geographic Area: Capital Region
 TCAC Project Analyst: Sarah Gullikson

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 67	53%
40% AMI: 18	14%
50% AMI: 18	14%
60% AMI: 23	18%

Unit Mix

65 1-Bedroom Units
 44 2-Bedroom Units
18 3-Bedroom Units
 127 Total Units

Unit Type & Number	2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
32 1 Bedroom	30%	30%	\$486
7 2 Bedrooms	30%	30%	\$582
1 3 Bedrooms	30%	30%	\$673
14 1 Bedroom	30%	30%	\$486
8 2 Bedrooms	30%	30%	\$582
5 3 Bedrooms	30%	30%	\$673
3 1 Bedroom	40%	40%	\$648
5 2 Bedrooms	40%	40%	\$777
1 3 Bedrooms	40%	40%	\$898
3 1 Bedroom	40%	40%	\$648
4 2 Bedrooms	40%	40%	\$777
2 3 Bedrooms	40%	40%	\$898
3 1 Bedroom	50%	50%	\$810
4 2 Bedrooms	50%	50%	\$971
1 3 Bedrooms	50%	50%	\$1,122
3 1 Bedroom	50%	50%	\$810
5 2 Bedrooms	50%	50%	\$971
2 3 Bedrooms	50%	50%	\$1,122
4 1 Bedroom	60%	60%	\$972
5 2 Bedrooms	60%	60%	\$1,165
2 3 Bedrooms	60%	60%	\$1,346
3 1 Bedroom	60%	60%	\$972
5 2 Bedrooms	60%	60%	\$1,165
4 3 Bedrooms	60%	60%	\$1,346
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,195,904
Construction Costs	\$38,238,053
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,936,025
Soft Cost Contingency	\$250,000
Relocation	\$0
Architectural/Engineering	\$1,850,620
Const. Interest, Perm. Financing	\$2,828,015
Legal Fees	\$185,000
Reserves	\$1,519,663
Other Costs	\$3,040,744
Developer Fee	\$7,083,423
Commercial Costs	\$0
Total	\$58,127,447

Residential

Construction Cost Per Square Foot:	\$301
Per Unit Cost:	\$457,696
True Cash Per Unit Cost*:	\$445,407

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
US Bank Tax-Exempt	\$29,940,491	US Bank Tax-Exempt	\$7,724,000
US Bank Taxable Tail	\$11,666,759	HCD - NPLH	\$12,302,774
SHRA	\$6,210,000	SHRA	\$6,900,000
Deferred Costs	\$3,304,233	Deferred Developer Fee	\$1,560,777
Deferred Developer Fee	\$1,560,777	General Partner Equity	\$3,072,646
General Partner Equity	\$3,072,646	Tax Credit Equity	\$26,567,250
Tax Credit Equity	\$2,372,541	TOTAL	\$58,127,447

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$54,306,240
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$70,598,112
Applicable Rate:	4.00%
Maximum Annual Federal Credit:	\$2,823,924
Total Annual Federal Credit:	\$2,823,924
Total State Credit:	\$1,855,688
Approved Developer Fee (in Project Cost & Eligible Basis):	\$7,083,423
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.88494
State Tax Credit Factor:	\$0.85000

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:	\$54,306,240
Actual Eligible Basis:	\$54,306,240
Unadjusted Threshold Basis Limit:	\$46,822,173
Total Adjusted Threshold Basis Limit:	\$121,297,755

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

Local Development Impact Fees

Income Targeted between 50% AMI & 36% AMI: 28%

Income Targeted at 35% AMI or Below: 106%

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% 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: 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.