

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 11, 2021

Central City I, located at 626 I Street and 1820 Capitol Avenue in Sacramento, requested and is being recommended for a reservation of \$2,364,967 in annual federal tax credits to finance the acquisition and rehabilitation of 190 units of housing serving tenants with rents affordable to households earning 40-60% of area median income (AMI). The project will be developed by Sacramento Housing Authority Repositioning Program, Inc. (SHARP) and is located in Senate District 6 and Assembly District 7.

Central City I will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-21-664

Project Name	Central City I	
	<u>Edgewater</u>	<u>Capitol Terrace</u>
Site Address:	626 I Street	1820 Capitol Avenue
	Sacramento, CA 95811	Sacramento, CA 95814
Census Tract:	0007.00	0012.00
County:	Sacramento	

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,364,967	\$0
Recommended:	\$2,364,967	\$0

Applicant Information

Applicant:	Sacramento Housing Authority Repositioning Program, Inc.
Contact:	James Shields
Address:	801 12th St Sacramento, CA 95814
Phone:	(916) 444-9210
Email:	jshields@shra.org

General Partner(s) or Principal Owner(s):	Sacramento Housing Authority Repositioning Program
General Partner Type:	Nonprofit
Parent Company(ies):	Sacramento Housing Authority Repositioning Program
Developer:	Sacramento Housing Authority Repositioning Program
Bond Issuer:	Sacramento Housing and Redevelopment Agency
Investor/Consultant:	RBC Community Investments, LLC
Management Agent:	City of Sacramento Housing Authority

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 2
 Total # of Units: 192
 No. / % of Low Income Units: 188 98.95%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax Exempt / Section 8 Project-based vouchers (188 units - 100%)

Information

Housing Type: Non-Targeted
 Geographic Area: Capital Region
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
40% AMI:	62	33%
50% AMI:	64	34%
60% AMI:	62	33%

Unit Mix

192 1-Bedroom Units
192 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
62 1 Bedroom	40%	\$680
50 1 Bedroom	50%	\$850
14 1 Bedroom	50%	\$850
62 1 Bedroom	60%	\$1,020
2 1 Bedroom	Manager's Unit	\$0
2 1 Bedroom	Market Rate Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$32,150,000
Construction Costs	\$0
Rehabilitation Costs	\$17,974,855
Construction Hard Cost Contingency	\$2,695,478
Soft Cost Contingency	\$380,129
Relocation	\$2,288,221
Architectural/Engineering	\$1,466,573
Const. Interest, Perm. Financing	\$2,875,280
Legal Fees	\$651,036
Reserves	\$2,425,524
Other Costs	\$241,470
Developer Fee	\$3,370,000
Commercial Costs	\$0
Total	\$66,518,566

Residential

Construction Cost Per Square Foot:	\$133
Per Unit Cost:	\$346,451
True Cash Per Unit Cost*:	\$261,765

Construction Financing

Source	Amount
Wells Fargo	\$32,939,759
City Seller Carryback Loan	\$16,259,656
City Ground Lease Loan	\$6,820,000
Tax Credit Equity	\$4,187,341

Permanent Financing

Source	Amount
Wells Fargo	\$14,846,204
City Seller Carryback Loan	\$16,259,656
City Ground Lease Loan	\$6,820,000
Net Operating Income	\$894,522
SHRA Loan	\$6,886,477
Tax Credit Equity	\$20,811,707
TOTAL	\$66,518,566

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$17,333,670
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$26,175,394
Applicable Fraction:	98.95%
Qualified Basis (Rehabilitation):	\$33,993,561
Qualified Basis (Acquisition):	\$25,899,864
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$1,328,972
Maximum Annual Federal Credit, Acquisition:	\$1,035,995
Total Maximum Annual Federal Credit:	\$2,364,967
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,370,000
Investor/Consultant:	RBC Community Investments, LLC
Federal Tax Credit Factor:	\$0.88000

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.

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.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

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.