

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2021 Second Round**

**October 20, 2021**

Cornerstone North by Mutual Housing, located at 46th Street and Lang Avenue in Sacramento, requested and is being recommended for a reservation of \$1,369,705 in annual federal tax credits to finance the new construction of 47 units of housing serving large families 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.

This project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

**Project Number** CA-21-086

**Project Name** Cornerstone North by Mutual Housing  
**Site Address:** 46th Street and Lang Avenue  
Sacramento CA,95823 County: Sacramento  
**Census Tract:** 47.020

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,369,705	\$0
Recommended:	\$1,369,705	\$0

**Applicant Information**

**Applicant:** Cornerstone North Mutual Housing Associates, L.P.  
**Contact:** Parker Evans  
**Address:** 3321 Power Inn Road, Suite 320  
Sacramento, CA 95826  
**Phone:** 916.453.8400  
**Email:** parker@mutualhousing.com

**General Partner(s) / Principal Owner(s):** Cornerstone Mutual Housing Association, LLC  
**General Partner Type:** Nonprofit  
**Parent Company(ies):** Cornerstone Mutual Housing Associations LLC  
**Developer:** Mutual Housing California  
**Investor/Consultant:** California Housing Partnership  
**Management Agent(s):** Mutual Housing Management

**Project Information**

**Construction Type:** New Construction  
**Total # Residential Buildings:** 4  
**Total # of Units:** 48  
**No. & % of Tax Credit Units:** 47 100%  
**Federal Set-Aside Elected:** 40%/60%  
**Federal Subsidy:** HUD Section 8 Project-based Vouchers (8 units- 17%)

**Information**

Set-Aside: N/A  
Housing Type: Large Family  
Geographic Area: Capital Region  
TCAC Project Analyst: Nick White

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 9	19%
At or Below 40% AMI: 5	10%
At or Below 50% AMI: 18	38%
At or Below 60% AMI: 15	31%

**Unit Mix**

15 1-Bedroom Units
24 2-Bedroom Units
9 3-Bedroom Units
48 Total Units

<u>Unit Type &amp; Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 1 Bedroom	30%	\$510
2 2 Bedrooms	30%	\$612
2 3 Bedrooms	30%	\$706
1 2 Bedrooms	30%	\$612
2 1 Bedroom	40%	\$680
2 2 Bedrooms	40%	\$816
1 3 Bedrooms	40%	\$942
5 1 Bedroom	50%	\$850
10 2 Bedrooms	50%	\$1,020
3 3 Bedrooms	50%	\$1,178
4 1 Bedroom	60%	\$1,020
8 2 Bedrooms	60%	\$1,224
3 3 Bedrooms	60%	\$1,413
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$647,400
Construction Costs	\$11,389,962
Rehabilitation Costs	\$0
Construction Contingency	\$752,645
Relocation	\$0
Architectural/Engineering	\$571,000
Const. Interest, Perm. Financing	\$1,021,285
Legal Fees	\$140,000
Reserves	\$268,118
Other Costs	\$1,858,068
Developer Fee	\$1,040,000
Commercial Costs	\$0
<b>Total</b>	<b>\$17,688,478</b>

**Residential**

Construction Cost Per Square Foot:	\$263
Per Unit Cost:	\$368,510
True Cash Per Unit Cost*:	\$356,666

**Construction Financing**

Source	Amount
US Bank Construction Loan	\$12,626,537
SHRA Construction/Perm Loan	\$2,000,000
SHRA Land Loan	\$59,000
Waived Impact Fees	\$568,530
Costs Deferred Until Conversion	\$1,189,073
Accrued/Deferred Interest	\$53,813
Tax Credit Equity	\$1,191,525

**Permanent Financing**

Source	Amount
US Bank Perm Loan (Tranche A)	\$1,848,000
US Bank Perm Loan (Tranche B)	\$1,359,000
SHRA Construction/Perm Loan	\$2,000,000
SHRA Land Loan	\$59,000
Waived Impact Fees	\$568,530
Accrued/Deferred Interest	\$53,813
Tax Credit Equity	\$11,800,135
<b>TOTAL</b>	<b>\$17,688,478</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$11,706,884
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$15,218,949
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,369,705
Approved Developer Fee in Project Cost:	\$1,040,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.86151

The “as if vacant” land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**Tie-Breaker Information**

First:	<b>Large Family</b>
Final:	<b>71.620%</b>

**Significant Information / Additional Conditions:**

This 48 unit application was submitted as a hybrid application serving large families. The project is comprised of a 9% component (CA-21-086) consisting of 48 units and a 4% component (CA-21-663) consisting of 60 units. All units in the project will have access to a community room, service coordinator and adult education instruction.

The developer shall defer or contribute as equity to the project any amount of combined 4% and 9% developer fees in cost that are in excess of the limit pursuant to Section 10327(c)(2)(A).

**Resyndication and Resyndication Transfer Event:** None.

**Local Reviewing Agency**

The Local Reviewing Agency, the Sacramento Housing and Redevelopment Agency, has completed a site review of this project and strongly supports this project.

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ¼ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within 1½ miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within 1/4 miles of a public school	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
SPECIAL NEEDS HOUSING TYPE			
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</b>

**Please Note:** If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**