CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 8, 2021

The Wong Center, located at 631 F Street in Sacramento, requested and is being recommended for a reservation of $2,419,611 in annual federal tax credits to finance the new construction of 149 units of housing serving tenants with rents affordable to households earning 40-60% 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 7.

Project Number CA-21-703

Project Name The Wong Center
Site Address: 631 F Street
Sacramento CA, 95814 County: Sacramento
Census Tract: 53.01

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,419,611	$0
Recommended:	$2,419,611	$0

Applicant Information

Applicant:	Wong Center at the Railyard, L.P.
Contact:	Danny Kolosta
Address:	3321 Power Inn Road, Suite 320 Sacramento CA, 95826
Phone:	916.453.8400
Email:	danny@mutualhousing.com

General Partner(s) or Principal Owner(s):	Wong Center Mutual Housing Association LLC Wong Center Association LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Mutual Housing California Wong Center, Inc.
Developer:	Mutual Housing California
Bond Issuer:	Housing Authority of the City of Sacramento
Investor/Consultant:	The California Housing Partnership Corporation
Management Agent:	Mutual Housing Management

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	150
No. / % of Low Income Units:	149 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt

Information

Housing Type:	Non-Targeted
Geographic Area:	Capital Region
TCAC Project Analyst:	Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
40% AMI:	30	20%
50% AMI:	89	60%
60% AMI:	30	20%

Unit Mix

135	1-Bedroom Units
15	2-Bedroom Units
150	Total Units

Unit Type & Number		2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
27	1 Bedroom	40%	$680
3	2 Bedrooms	40%	$816
81	1 Bedroom	50%	$850
8	2 Bedrooms	50%	$1,020
27	1 Bedroom	60%	$1,020
3	2 Bedrooms	60%	$1,224
1	2 Bedrooms	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$2,908,250
Construction Costs	$34,615,353
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$1,730,520
Soft Cost Contingency	$239,535
Relocation	$0
Architectural/Engineering	$1,289,244
Const. Interest, Perm. Financing	$2,347,942
Legal Fees	$161,987
Reserves	$662,770
Other Costs	$3,047,565
Developer Fee	$6,069,258
Commercial Costs	$0
Total	**$53,072,424**

Residential

Construction Cost Per Square Foot:	$279
Per Unit Cost:	$353,816
True Cash Per Unit Cost*:	$323,596

Construction Financing

Source	Amount
US Bank - Tax-Exempt	$26,638,727
SHRA Loan	$1,647,796
Wong Center Inc. Loan	$9,716,469
Loan - DRV, LLC**	$2,228,000
Donated Land - DRV, LLC**	$2,799,900
Impact Fee Waiver	$1,733,059
Deferred Costs	$3,644,944
General Partner Equity	$2,589,258
Tax Credit Equity	$2,074,271

Permanent Financing

Source	Amount
US Bank - Tax-Exempt	$5,613,000
SHRA Loan	$3,500,000
Wong Center Inc. Loan	$12,800,000
Loan - DRV, LLC**	$2,228,000
Donated Land - DRV, LLC**	$2,799,900
Sponsor Loan - SMUD	$94,500
Impact Fee Waiver	$1,733,059
General Partner Equity	$2,589,258
Tax Credit Equity	$21,714,707
TOTAL	**$53,072,424**

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee
**Downtown Railyard Venture, LLC - Master Developer

Determination of Credit Amount(s)

Requested Eligible Basis:	$46,530,977
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$60,490,270
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$2,419,611
Total Maximum Annual Federal Credit:	$2,419,611
Approved Developer Fee (in Project Cost & Eligible Basis):	$6,069,258
Investor/Consultant:	The California Housing Partnership Corporation
Federal Tax Credit Factor:	$0.89745

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.