

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
June 15, 2022**

Anton Power Inn, located at 7243 Power Inn Road in Sacramento, requested and is being recommended for a reservation of \$3,271,511 in annual federal tax credits and \$2,670,273 in total state tax credits to finance the new construction of 192 units of housing serving large families with rents affordable to households earning 30%-70% of area median income (AMI). The project will be developed by Anton DevCo, Inc. and will be located in Senate District 6 and Assembly District 9.

The project financing includes state funding from the Mixed-Income Program (MIP) through The California Housing Finance Agency (CalHFA).

Project Number CA-22-472

Project Name Anton Power Inn
Site Address: 7243 Power Inn Road.
Sacramento CA, 95828 County: Sacramento
Census Tract: 51.01

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,271,511	\$2,670,273
Recommended:	\$3,271,511	\$2,670,273

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Power Inn Sacramento, L.P.
Contact: Trisha Malone
Address: 1610 R Street, Suite 250
Sacramento CA, 95811
Phone: 650-549-1603
Email: tmalone@antondev.com

General Partner(s) or Principal Owner(s): Anton Power Inn, LLC
PacH Anton South Holdings, LLC

General Partner Type: Joint Venture
Parent Company(ies): Anton DevCo, Inc.
Pacific Housing, Inc.

Developer: Anton DevCo, Inc.
Bond Issuer: CalHFA
Investor/Consultant: Raymond James
Management Agent: Anton Residential, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 8
 Total # of Units: 194
 No. / % of Low Income Units: 192 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: Capital Region
 TCAC Project Analyst: Dylan Hervey

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 20	10%
50% AMI: 39	20%
60% AMI: 42	22%
70% AMI: 91	47%

Unit Mix

96 1-Bedroom Units
 48 2-Bedroom Units
50 3-Bedroom Units
 194 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
10 1 Bedroom	30%	\$510
30 1 Bedroom	50%	\$850
35 1 Bedroom	60%	\$1,020
21 1 Bedroom	70%	\$1,190
5 2 Bedrooms	30%	\$612
5 2 Bedrooms	50%	\$1,020
7 2 Bedrooms	60%	\$1,224
31 2 Bedrooms	70%	\$1,428
5 3 Bedrooms	30%	\$707
4 3 Bedrooms	50%	\$1,178
39 3 Bedrooms	70%	\$1,649
2 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,375,000
Construction Costs	\$45,431,671
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,133,167
Soft Cost Contingency	\$330,339
Relocation	\$0
Architectural/Engineering	\$1,473,000
Const. Interest, Perm. Financing	\$4,071,983
Legal Fees	\$190,000
Reserves	\$583,255
Other Costs	\$7,688,369
Developer Fee	\$3,500,000
Commercial Costs	\$0
Total	\$67,776,784

Residential

Construction Cost Per Square Foot:	\$270
Per Unit Cost:	\$349,365
True Cash Per Unit Cost*:	\$336,180

Construction Financing

Source	Amount
Citibank - Tax-Exempt	\$33,646,558
Citibank - Taxable	\$10,534,860
Sponsor Loan	\$2,184,687
Net Cash Flow	\$899,805
Deferred Developer Fee	\$2,557,797
Deferred Reserve Funding	\$583,255
Tax Credit Equity	\$17,369,823

Permanent Financing

Source	Amount
CalHFA Senior Mortgage Loan	\$22,553,000
CalHFA - MIP Subsidy Loan	\$8,000,000
Sponsor Loan	\$2,184,685
Net Cash Flow	\$899,805
Deferred Developer Fee	\$2,557,797
Tax Credit Equity	\$31,581,497
TOTAL	\$67,776,784

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$62,913,682
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$81,787,787
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,271,511
Total State Credit:	\$2,670,273
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	Raymond James
Federal Tax Credit Factor:	\$0.90250
State Tax Credit Factor:	\$0.77000

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

The applicant's estimate for annual operating expenses per unit is below the \$4,800 published per unit operating expense minimum required for this type of project. Under regulation section 10327(g) operating expenses below the published minimum may be corrected. At the submission of the next updated TCAC application required by TCAC, and all subsequent submissions to TCAC, the applicant must meet the requirement of regulation section 10327(g)(1).

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.