

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
June 15, 2022

Mirasol Village Block D, located at 1381 Swallowtail Avenue in Sacramento, requested and is being recommended for a reservation of \$3,019,142 in annual federal tax credits to finance the new construction of 115 units of housing serving large families with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by McCormack Baron Salazar, Inc. and will be located in Senate District 6 and Assembly District 7.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from CalHFA's Mixed-Income Program (MIP).

Project Number CA-22-505

Project Name Mirasol Village Block D
Site Address: 1381 Swallowtail Avenue
Sacramento, CA 95811 County: Sacramento
Census Tract: 6067005301.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,019,142	\$0
Recommended:	\$3,019,142	\$0

Applicant Information

Applicant: Twin Rivers Phase 4, L.P.
Contact: Daniel Falcon
Address: 720 Olive Street, Suite 2500
St. Louis, MO 63101
Phone: 213-236-2680
Email: daniel.falcon@mccormackbaron.com

General Partner(s) or Principal Owner(s): Twin Rivers Phase 4 MBS GP, Inc.
Mirasol Village Block D, LLC

General Partner Type: Joint Venture

Parent Company(ies): McCormack Baron Salazar, Inc.
Sacramento Housing Authority Repositioning Program

Developer: McCormack Baron Salazar, Inc.

Bond Issuer: CalHFA

Investor/Consultant: RBC Community Investments

Management Agent: John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 5
 Total # of Units: 116
 No. / % of Low Income Units: 115 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (47 units - 41%)

Information

Housing Type: Large Family
 Geographic Area: Capital Region
 CTCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
30% AMI: 47	41%
60% AMI: 43	37%
80% AMI: 25	22%

Unit Mix

28 1-Bedroom Units
 44 2-Bedroom Units
 32 3-Bedroom Units
12 4-Bedroom Units
 116 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
13 1 Bedroom	80%	\$1,360
7 1 Bedroom	60%	\$1,020
8 1 Bedroom	30%	\$510
12 2 Bedrooms	80%	\$1,632
8 2 Bedrooms	60%	\$1,224
23 2 Bedrooms	30%	\$612
20 3 Bedrooms	60%	\$1,413
12 3 Bedrooms	30%	\$706
8 4 Bedrooms	60%	\$1,576
4 4 Bedrooms	30%	\$788
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$545,000
Construction Costs	\$43,433,198
Construction Hard Cost Contingency	\$2,151,435
Soft Cost Contingency	\$508,641
Architectural/Engineering	\$2,477,943
Const. Interest, Perm. Financing	\$3,286,757
Legal Fees	\$682,000
Reserves	\$1,159,497
Other Costs	\$2,980,563
Developer Fee	\$4,800,000
Total	\$62,025,034

Residential

Construction Cost Per Square Foot:	\$458
Per Unit Cost:	\$534,699
True Cash Per Unit Cost*:	\$510,837

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank	\$30,757,773	Citibank	\$13,482,852
Citibank Taxable Loan	\$5,477,352	CalHFA-MIP	\$1,687,840
Seller Carryback	\$468,000	Seller Carryback	\$468,000
HACOS Choice Neighborhood	\$1,372,791	HACOS Choice Neighborhood	\$1,372,791
HACS Housing Authority Funds	\$3,000,000	HACS Housing Authority Funds	\$3,000,000
SHRA	\$12,000,000	SHRA	\$12,000,000
Deferred Costs	\$3,514,662	Accrued Interest	\$541,271
Tax Credit Equity	\$5,434,456	Deferred Developer Fee	\$2,300,000
		Tax Credit Equity	\$27,172,280
		TOTAL	\$62,025,034

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$58,066,235
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$75,486,106
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,019,142
Approved Developer Fee (in Project Cost & Eligible Basis):	\$4,800,000
Investor/Consultant:	RBC Community Investments
Federal Tax Credit Factor:	\$0.90000

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.

CTCAC 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 CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC 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, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, 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 CTCAC 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 CTCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.