

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

June 15, 2022

River City Trio located at 1215 D Street, 2408 C Street, and 2517 C Street in Sacramento, requested and is being recommended for a reservation of \$677,429 in annual federal tax credits to finance the acquisition and rehabilitation of 53 units of housing serving tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Vitus Development IV, LLC and is located in Senate District 6 and Assembly District 7.

River City Trio is currently at-risk, but is being recommended for a reservation of tax credits that will be preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-22-513

Project Name River City Trio

	12th & D Apartments	24th & C Apartments	C Street Apartments
Site Address:	1215 D Street	2410 C Street	2517 C Street
	Sacramento, CA 95833	Sacramento, CA 95833	Sacramento, CA 95833

County: Sacramento

Census Tract: 0005.01; 0004.00; 0004.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$677,429	\$0
Recommended:	\$677,429	\$0

Applicant Information

Applicant: River City Housing Partners, LP
Contact: Brooke Kim
Address: 415 1st Avenue North #19240
Seattle, WA 98109
Phone: (206) 832-1328
Email: brooke.kim@vitus.com

General Partner(s) or Principal Owner(s):	River City Housing Management, LLC FFAH V River City Trio, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Vitus Group, LLC FFAH V
Developer:	Vitus Development IV, LLC
Bond Issuer:	Sacramento Housing and Redevelopment Agency
Investor/Consultant:	Merchants Capital Investments, LLC
Management Agent:	Aperto Property Management

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	4
Total # of Units:	56
No. / % of Low Income Units:	53 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / Section 8 Project-Based Vouchers (53 - 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
30% AMI: 7	13%
50% AMI: 10	19%
60% AMI: 36	68%

Unit Mix

47 1-Bedroom Units
9 2-Bedroom Units
<hr/> 56 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 1 Bedroom	30%	\$510
3 1 Bedroom	50%	\$850
14 1 Bedroom	60%	\$1,020
1 2 Bedrooms	50%	\$1,020
2 2 Bedrooms	60%	\$1,224
2 1 Bedroom	30%	\$510
2 1 Bedroom	50%	\$850
9 1 Bedroom	60%	\$1,020
1 2 Bedrooms	50%	\$1,020
1 2 Bedrooms	60%	\$1,224
2 1 Bedroom	30%	\$510
2 1 Bedroom	50%	\$850
9 1 Bedroom	60%	\$1,020
1 2 Bedrooms	50%	\$1,020
1 2 Bedrooms	60%	\$1,224
1 1 Bedroom	Manager's Unit	\$0
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$7,100,000
Construction Costs	\$0
Rehabilitation Costs	\$4,547,456
Construction Hard Cost Contingency	\$447,828
Soft Cost Contingency	\$50,000
Relocation	\$400,000
Architectural/Engineering	\$149,900
Const. Interest, Perm. Financing	\$634,142
Legal Fees	\$320,000
Reserves	\$484,583
Other Costs	\$284,735
Developer Fee	\$2,189,550
Commercial Costs	\$0
Total	\$16,608,194

Residential

Construction Cost Per Square Foot:	\$130
Per Unit Cost:	\$296,575
True Cash Per Unit Cost*:	\$270,406

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Merchants/Freddie TEL	\$8,340,000	Merchants/Freddie TEL	\$8,340,000
Merchants/Freddie Taxable Tail	\$860,000	Merchants/Freddie Taxable Tail	\$860,000
Merchants/Equity Bridge Loan	\$3,700,000	Capitalized Interest	\$49,115
Merchants/LIHTC Equity	\$589,363	Deferred Developer Fee	\$1,465,450
		Tax Credit Equity	\$5,893,629
		TOTAL	\$16,608,194

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$6,891,756
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$7,978,125
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$8,959,283
Qualified Basis (Acquisition):	\$7,978,125
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$358,371
Maximum Annual Federal Credit, Acquisition:	\$319,125
Total Maximum Annual Federal Credit:	\$677,429
Approved Developer Fee in Project Cost:	\$2,189,550
Approved Developer Fee in Eligible Basis:	\$1,939,550
Investor/Consultant:	Merchants Capital Investments, LLC
Federal Tax Credit Factor:	\$0.87000

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.

