

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2022 Second Round**

**December 28, 2022**

Hellenic Seniors Center, located at 7847 Rush River Drive in Sacramento, requested and is being recommended for a reservation of \$1,647,160 in annual federal tax credits and \$5,446,222 in total state tax credits to finance the acquisition and rehabilitation of 69 units of housing serving seniors with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Dawson Holdings, Inc. and is located in Senate District 6 and Assembly District 9.

The project is currently at-risk, but is being recommended for a reservation of tax credits that will 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-22-041

**Project Name** Hellenic Seniors Center  
**Site Address:** 7847 Rush River Drive  
Sacramento, CA 95831 County: Sacramento  
**Census Tract:** 40.190

| <b>Tax Credit Amounts</b> | <b>Federal/Annual</b> | <b>State/Total *</b> |
|---------------------------|-----------------------|----------------------|
| Requested:                | \$1,647,160           | \$5,446,222          |
| Recommended:              | \$1,647,160           | \$5,446,222          |

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

**Applicant Information**

**Applicant:** DHI Hellenic Apartments, LP  
**Contact:** Justin Solomon  
**Address:** 7250 Redwood Blvd, Suite 214  
Novato, CA 94945  
**Phone:** (415) 609-5352  
**Email:** jsolomon@d-h-i.net

**General Partner(s) / Principal Owner(s):** DHI Hellenic Associates, LLC  
Community Resident Services, Inc.  
**General Partner Type:** Joint Venture  
**Parent Company(ies):** Dawson Holdings, Inc.  
Community Resident Services, Inc.  
**Developer:** Dawson Holdings, Inc.  
**Investor/Consultant:** R4 Capital LLC  
**Management Agent(s):** FPI Management Corporation

**Project Information**

Construction Type: Acquisition and Rehabilitation  
 Total # Residential Buildings: 15  
 Total # of Units: 70  
 No. & % of Tax Credit Units: 69 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HUD Section 8 Project-based Vouchers (69 units - 100%)

**Information**

Set-Aside: At-Risk  
 Housing Type: At-Risk  
 Geographic Area: Capital Region  
 CTCAC Project Analyst: Sarah Gullikson

**55-Year Use / Affordability**

| <u>Aggregate Targeting</u> | <u>Number of Units</u> | <u>Percent of Required Affordable Units</u> |
|----------------------------|------------------------|---|
| At or Below 30% AMI:       | 8                      | 10%   |
| At or Below 40% AMI:       | 14                     | 20%   |
| At or Below 50% AMI:       | 22                     | 30%   |
| At or Below 60% AMI:       | 25                     | 35%   |

**Unit Mix**

|                          |
|--------------------------|
| 66 1-Bedroom Units       |
| <u>4 2-Bedroom Units</u> |
| 70 Total Units           |

| <u>Unit Type &amp; Number</u> | <u>2022 Rents Targeted % of Area Median Income</u> | <u>Proposed Rent (including utilities)</u> |
|-------------------------------|--|--|
| 7 1 Bedroom                   | 30%  | \$570                                      |
| 13 1 Bedroom                  | 40%  | \$760                                      |
| 21 1 Bedroom                  | 50%  | \$950                                      |
| 25 1 Bedroom                  | 60%  | \$1,140                                    |
| 1 2 Bedrooms                  | 30%  | \$684                                      |
| 1 2 Bedrooms                  | 40%  | \$912                                      |
| 1 2 Bedrooms                  | 50%  | \$1,140                                    |
| 1 2 Bedrooms                  | Manager's Unit                                     | \$0  |

**Project Cost Summary at Application**

|                                  |                     |
|----------------------------------|---------------------|
| Land and Acquisition             | \$20,500,000        |
| Construction Costs               | \$0                 |
| Rehabilitation Costs             | \$7,891,342         |
| Construction Contingency         | \$898,661           |
| Relocation                       | \$500,000           |
| Architectural/Engineering        | \$225,000           |
| Const. Interest, Perm. Financing | \$1,036,706         |
| Legal Fees                       | \$230,000           |
| Reserves                         | \$252,080           |
| Other Costs                      | \$706,176           |
| Developer Fee                    | \$2,200,000         |
| Commercial Costs                 | \$0                 |
| <b>Total</b>                     | <b>\$34,439,965</b> |

**Residential**

|                                    |           |
|------------------------------------|-----------|
| Construction Cost Per Square Foot: | \$169     |
| Per Unit Cost:                     | \$492,000 |
| True Cash Per Unit Cost*:          | \$477,714 |

**Construction Financing**

| Source                    | Amount       |
|---------------------------|--------------|
| East West Bank            | \$18,500,000 |
| Cash Flow From Operations | \$942,968    |
| Deferred Costs            | \$708,240    |
| General Partner Equity    | \$8,501,655  |
| Tax Credit Equity         | \$5,787,102  |

**Permanent Financing**

| Source                    | Amount              |
|---------------------------|---------------------|
| East West Bank            | \$4,705,000         |
| Cash Flow From Operations | \$942,968           |
| General Partner Equity    | \$8,501,655         |
| Deferred Developer Fee    | \$1,000,000         |
| Tax Credit Equity         | \$19,290,342        |
| <b>TOTAL</b>              | <b>\$34,439,965</b> |

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

**Determination of Credit Amount(s)**

|  |                |
|--|----------------|
| Requested Eligible Basis (Rehabilitation):                 | \$12,393,819   |
| 130% High Cost Adjustment:                                 | Yes            |
| Requested Eligible Basis (Acquisition):                    | \$13,292,895   |
| Applicable Fraction:                                       | 100.00%        |
| Qualified Basis (Rehabilitation):                          | \$12,393,819   |
| Applicable Rate:   | 9.00%          |
| Qualified Basis (Acquisition):                             | \$13,292,895   |
| Applicable Rate:   | 4.00%          |
| Maximum Annual Federal Credit, Rehabilitation:             | \$1,115,444    |
| Maximum Annual Federal Credit, Acquisition:                | \$531,716      |
| Total Maximum Annual Federal Credit:                       | \$1,647,160    |
| Total State Credit:  | \$5,446,222    |
| Approved Developer Fee (in Project Cost & Eligible Basis): | \$2,200,000    |
| Investor/Consultant:                                       | R4 Capital LLC |
| Federal Tax Credit Factor:                                 | \$0.90000      |
| State Tax Credit Factor:                                   | \$0.82000      |

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>At-Risk</b> |
| Self-Score Final: | <b>15.318%</b> |
| CTCAC Final:      | <b>15.318%</b> |

**Significant Information / Additional Conditions**

Staff noted that the hard cost contingency, as reflected in the project’s Application Sources & Uses table, exceeds 10% of the project’s total hard construction costs.

Upon review by staff, applicant did not specify what the “Other” line items represented in the Application’s Sources & Uses table and operating expenses table. At the submission of the next updated application required by CTCAC, and all subsequent submissions to CTCAC, the applicant must fill out this information completely. Be cautioned that at final review, prior to the issuance of the IRS 8609 forms, any costs or eligible basis that were included inappropriately will not be allowed; and the Tax Credit originally awarded may be decreased.

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

**Local Reviewing Agency**

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

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 performance deposit and allocation 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.

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 ½ mile of transit, service every 30 minutes in rush hours          | 6                           | 6                       | 6                     |
| Within ½ mile of public park or community center open to general public   | 3                           | 3                       | 3                     |
| Within ½ mile of public library   | 3                           | 3                       | 0                     |
| Within 1 mile of public library   | 2                           | 0                       | 2                     |
| Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf   | 4                           | 4                       | 4                     |
| Within 1 mile of a pharmacy   | 1                           | 1                       | 1                     |
| <b>Service Amenities</b>  | <b>10</b>                   | <b>10</b>               | <b>10</b>             |
| LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES                               |                             |                         |                       |
| Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction | 7                           | 7                       | 7                     |
| Health & wellness services and programs, minimum 60 hrs per 100 bdrms     | 3                           | 3                       | 3                     |
| <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.**