

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**Tax-Exempt Bond Project**

**December 6, 2023**

Vintage at Folsom, located at 103 East Natoma Street in Folsom, requested and is being recommended for a reservation of \$1,939,210 in annual federal tax credits to finance the new construction of 135 units of housing serving seniors with rents affordable to households earning 30%-80% of area median income (AMI). The project will be developed by Vintage Housing Development, Inc. and will be located in Senate District 1 and Assembly District 7.

**Project Number** CA-23-618

**Project Name** Vintage at Folsom  
Site Address: 103 East Natoma Street  
Folsom, CA 95630  
County: Sacramento  
Census Tract: 84.04

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,939,210	\$0
Recommended:	\$1,939,210	\$0

**Applicant Information**

Applicant: Vintage at Folsom, LP  
Contact: Michael Gancar  
Address: 369 San Miguel Drive, Suite 135  
Newport Beach, CA 92660  
Phone: (949) 721-6775  
Email: mgancar@Vintagehousing.com

General Partner(s) or Principal Owner(s): Hearthstone CA Properties V, LLC  
Vintage at Folsom Partners, LLC  
General Partner Type: Nonprofit  
Parent Company(ies): Hearthstone Housing Foundation  
Vintage Housing Holdings, LLC  
Developer: Vintage Housing Development, Inc.  
Bond Issuer: California Statewide Communities Development Authority  
Investor/Consultant: Aegon USA Realty Advisors, LLC  
Management Agent: FPI Property Management

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 136  
No. / % of Low Income Units: 135 100.00%  
Federal Set-Aside Elected: 40%/60% Average Income  
Federal Subsidy: Tax-Exempt

**Information**

Housing Type: Seniors  
 Geographic Area: Capital Region  
 CTCAC Project Analyst: Chris Saenz

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	14	10%
50% AMI:	14	10%
60% AMI:	80	59%
80% AMI:	27	20%

**Unit Mix**

98 1-Bedroom Units
38 2-Bedroom Units
<b>136 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2023 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
10 1 Bedroom	30%	\$603
10 1 Bedroom	50%	\$1,005
62 1 Bedroom	60%	\$1,206
16 1 Bedroom	80%	\$1,550
4 2 Bedrooms	30%	\$723
4 2 Bedrooms	50%	\$1,206
18 2 Bedrooms	60%	\$1,447
11 2 Bedrooms	80%	\$1,835
1 2 Bedrooms	Manager's Unit	\$1,447

**Project Cost Summary at Application**

Land and Acquisition	\$2,000,000
Construction Costs	\$24,640,000
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,122,000
Soft Cost Contingency	\$125,000
Relocation	\$0
Architectural/Engineering	\$850,000
Const. Interest, Perm. Financing	\$4,302,683
Legal Fees	\$189,500
Reserves	\$454,757
Other Costs	\$4,495,335
Developer Fee	\$4,279,726
Commercial Costs	\$0
<b>Total</b>	<b>\$42,459,001</b>

**Residential**

Construction Cost Per Square Foot:	\$220
Per Unit Cost:	\$312,199
True Cash Per Unit Cost*:	\$286,270

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
Citibank: Tax-Exempt	\$21,612,924	Citibank: Tax-Exempt	\$19,930,000
Citibank: Tax-Exempt, Recycled	\$3,400,000	Net Operating Income	\$1,937,725
Citibank: Taxable	\$8,214,112	Deferred Developer Fee	\$3,526,230
Net Operating Income	\$1,937,725	Tax Credit Equity	\$17,065,046
Deferred Costs	\$454,757	<b>TOTAL</b>	<b>\$42,459,001</b>
Deferred Developer Fee	\$4,279,726		
Tax Credit Equity	\$2,559,757		

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$37,296,226
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$48,485,094
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,939,210
Approved Developer Fee (in Project Cost & Eligible Basis):	\$4,279,726
Investor/Consultant:	Aegon USA Realty Advisors, LLC
Federal Tax Credit Factor:	\$0.88000

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:**

This project has received a waiver allowing the project to include more than the standard senior housing-type regulatory limit of 20% two-bedroom units.

This Project's annual per unit operating expense total is below the CTCAC published per unit operating minimums of \$4,300. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of \$3,869 on agreement of the permanent lender and equity investor.

**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.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).