

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
December 6, 2023**

The project, 440 Arden Way, located at 440 Arden Way in Sacramento, requested and is being recommended for a reservation of \$4,212,803 in annual federal tax credits to finance the new construction of 122 units of housing serving families with rents affordable to households earning 25%-60% of area median income (AMI). The project will be developed by BRIDGE Housing Corporation and will be located in Senate District 8 and Assembly District 6.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the Local Government Matching Grant (LGMG) and Affordable Housing Sustainable Communities (AHSC) program(s) of HCD.

Project Number CA-23-620

Project Name 440 Arden Way
Site Address: 440 Arden Way
Sacramento, CA 95815
County: Sacramento
Census Tract: 69.01

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$4,212,803	\$0
Recommended:	\$4,212,803	\$0

Applicant Information

Applicant: BRIDGE Housing Corporation
Contact: Smitha Seshadri
Address: 600 California Street, Suite 900
San Francisco, CA 94108
Phone: (415)321-3516
Email: sseshadri@bridgehousing.com

General Partner(s) or Principal Owner(s): Arden Armory Affordable LLC
General Partner Type: Nonprofit
Parent Company(ies): BRIDGE Housing Corporation
Developer: BRIDGE Housing Corporation
Bond Issuer: California Municipal Finance Authority
Investor/Consultant: California Housing Partnership
Management Agent: BRIDGE Property Management Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 124
No. / % of Low Income Units: 122 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (31 Units - 25%)

Information

Housing Type: Large Family
 Geographic Area: Capital Region
 CTCAC Project Analyst: Cynthia Compton

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	34	28%
50% AMI:	36	30%
60% AMI:	52	43%

Unit Mix

60 1-Bedroom Units
 32 2-Bedroom Units
32 3-Bedroom Units
 124 Total Units

Unit Type & Number	2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
19 1 Bedroom	25%	\$502
1 1 Bedroom	30%	\$603
1 1 Bedroom	30%	\$603
6 2 Bedrooms	30%	\$723
5 3 Bedrooms	30%	\$836
2 3 Bedrooms	30%	\$836
19 1 Bedroom	50%	\$1,005
8 2 Bedrooms	50%	\$1,206
9 3 Bedrooms	50%	\$1,393
20 1 Bedroom	60%	\$1,206
17 2 Bedrooms	60%	\$1,447
15 3 Bedrooms	60%	\$1,672
1 2 Bedrooms	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$360,009
Construction Costs	\$56,788,784
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,847,994
Soft Cost Contingency	\$504,586
Relocation	\$0
Architectural/Engineering	\$2,681,220
Const. Interest, Perm. Financing	\$10,287,062
Legal Fees	\$157,500
Reserves	\$1,203,579
Other Costs	\$2,833,938
Developer Fee	\$10,567,231
Commercial Costs	\$0
Total	\$88,231,903

Residential

Construction Cost Per Square Foot:	\$520
Per Unit Cost:	\$711,548
True Cash Per Unit Cost*:	\$646,489

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
JPMorgan Chase: Tax-Exempt	\$47,430,100	JPMorgan Chase: Tax-Exempt	\$3,342,000
JPMorgan Chase: Taxable	\$16,296,857	HCD: AHSC	\$29,269,970
HCD: LGMG	\$5,730,030	HCD: LGMG	\$5,730,030
City of Sacramento	\$3,700,000	City of Sacramento	\$3,700,000
Deferred Costs	\$3,384,418	Deferred Developer Fee	\$8,067,231
Deferred Developer Fee	\$8,067,231	Tax Credit Equity	\$38,122,672
Tax Credit Equity	\$3,623,267	TOTAL	\$88,231,903

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$81,015,440
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$105,320,072
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,212,803
Approved Developer Fee (in Project Cost & Eligible Basis):	\$10,567,231
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.90492

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

Staff noted a per unit development cost of \$646,489. The applicant noted that the per unit cost is attributed to project being subjected to prevailing wages, as well as higher than average construction and interest rate costs.

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).