

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

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

Albert Einstein Residence Center, located at 1935 Wright Street in Sacramento, requested and is being recommended for a reservation of \$1,322,568 in annual federal tax credits to finance the acquisition & rehabilitation of 77 units of housing serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by SP AHG Development LLC and is located in Senate District 6 and Assembly District 6.

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 Contract.

**Project Number** CA-23-643

**Project Name** Albert Einstein Residence Center

Site Address: 1935 Wright Street  
Sacramento, CA 95825

County: Sacramento

Census Tract: 55.05

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,322,568	\$0
Recommended:	\$1,322,568	\$0

**Applicant Information**

Applicant: Einstein Preservation LP

Contact: Sean Burrowes

Address: 701 5th Avenue, Suite 5700  
Seattle, WA 98104

Phone: 206-787-8481

Email: seanb@secprop.com

General Partner(s) or Principal Owner(s): Einstein Preservation GP LLC  
Las Palmas Housing & Development Corporation

General Partner Type: Joint Venture

Parent Company(ies): Security Properties  
Las Palmas Housing & Development Corporation

Developer: SP AHG Development LLC

Bond Issuer: Housing Authority of the County of Sacramento

Investor/Consultant: PNC

Management Agent: The John Stewart Co.

**Project Information**

Construction Type: Acquisition & Rehabilitation

Total # Residential Buildings: 1

Total # of Units: 78

No. / % of Low Income Units: 77 100.00%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (77 Units - 100%)

**Information**

Housing Type:	At-Risk
Geographic Area:	Capital Region
CTCAC Project Analyst:	Franklin Cui

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	8	10%
50% AMI:	8	10%
60% AMI:	61	79%

**Unit Mix**

78 1-Bedroom Units
<hr/> 78 Total Units

<b>Unit Type &amp; Number</b>	<b>2023 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
8 1 Bedroom	30%	\$603
8 1 Bedroom	50%	\$1,005
61 1 Bedroom	60%	\$1,206
1 1 Bedroom	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$22,100,000
Construction Costs	\$0
Rehabilitation Costs	\$4,996,400
Construction Hard Cost Contingency	\$497,640
Soft Cost Contingency	\$25,000
Relocation	\$273,000
Architectural/Engineering	\$250,000
Const. Interest, Perm. Financing	\$1,910,259
Legal Fees	\$95,113
Reserves	\$827,340
Other Costs	\$364,984
Developer Fee	\$4,048,680
Commercial Costs	\$0
<b>Total</b>	<b>\$35,388,416</b>

## Residential

Construction Cost Per Square Foot:	\$74
Per Unit Cost:	\$453,698
True Cash Per Unit Cost*:	\$405,565

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
PNC	\$17,750,000	PNC	\$16,045,000
Security Properties	\$2,100,000	Security Properties	\$2,100,000
Cash Flow From Operations	\$1,599,173	Cash Flow From Operations	\$1,599,173
Deferred Developer Fee	\$3,238,344	Deferred Developer Fee	\$3,754,356
Tax Credit Equity	\$10,700,899	Tax Credit Equity	\$11,889,887
		<b>TOTAL</b>	<b>\$35,388,416</b>

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

### Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$7,873,366
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$23,166,512
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$10,235,376
Qualified Basis (Acquisition):	\$23,166,512
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$395,908
Maximum Annual Federal Credit, Acquisition:	\$926,660
Total Maximum Annual Federal Credit:	\$1,322,568
Approved Developer Fee in Project Cost:	\$4,048,680
Approved Developer Fee in Eligible Basis:	\$4,048,680
Investor/Consultant:	PNC
Federal Tax Credit Factor:	\$0.89900

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.

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).