

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2014 First Round
July 16, 2014

Project Number CA-14-020

Project Name Curtis Park Court
 Site Address: Northwest Corner of 24th Street and the 10th Avenue Extension
 Sacramento, CA 95818 County: Sacramento
 Census Tract: 25.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,422,083	\$5,540,583
Recommended:	\$1,422,083	\$5,540,583

Applicant Information

Applicant: Domus Development, LLC
 Contact: Meea Kang
 Address: 9 Cushing, Suite 200
 Irvine, CA 92618
 Phone: (415) 856-0010 Fax: (415) 856-0264
 Email: meea@domusd.com

General Partner(s) / Principal Owner(s): Affordable Housing CDC, Inc.
 Domus GP LLC
 General Partner Type: Joint Venture
 Parent Company(ies): Affordable Housing CDC, Inc.
 Newport Partners, LLC
 Developer: Domus Development, LLC
 Investor/Consultant: Alliant Capital, LTD
 Management Agent(s): Domus Management Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 91
 No. & % of Tax Credit Units: 90 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HOME
 Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	11	10 %
40% AMI:	19	20 %
50% AMI:	37	40 %

Information

Set-Aside: N/A
 Housing Type: Seniors
 Geographic Area: Capital and Northern Region
 TCAC Project Analyst: Mayra Lozano

Unit Mix

4 SRO/Studio Units
 74 1-Bedroom Units
 12 2-Bedroom Units
 1 3-Bedroom Units

 91 Total Units

<u>Unit Type & Number</u>	<u>2014 Rents Targeted % of Area Median Income</u>	<u>2014 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 SRO/Studio	50%	50%	\$601
1 SRO/Studio	40%	40%	\$481
1 SRO/Studio	30%	30%	\$360
21 1 Bedroom	60%	60%	\$773
30 1 Bedroom	50%	50%	\$644
15 1 Bedroom	40%	40%	\$515
8 1 Bedroom	30%	30%	\$386
2 2 Bedrooms	60%	60%	\$928
5 2 Bedrooms	50%	50%	\$773
3 2 Bedrooms	40%	40%	\$619
2 2 Bedrooms	30%	30%	\$464
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$27,067,667
 Estimated Residential Project Cost: \$27,067,667

Construction Financing

<u>Source</u>	<u>Amount</u>
Citibank	\$14,000,000
SHRA - HOME	\$4,000,000
Master Developer Land Donation	\$4,000,000
City of Sacramento Fee Credit	\$110,565
HCD - TOD Grant	\$692,100
GP Equity	\$100
Deferred Developer Fee	\$1,769,812
Tax Credit Equity	\$2,495,090

Residential

Construction Cost Per Square Foot: \$154
 Per Unit Cost: \$297,447

Permanent Financing

<u>Source</u>	<u>Amount</u>
Citibank	\$1,000,000
SHRA - HOME	\$4,000,000
Master Developer Land Donation	\$4,000,000
City of Sacramento Fee Credit	\$110,565
HCD - TOD Grant	\$692,100
GP Equity	\$100
Deferred Developer Fee	\$347,638
Tax Credit Equity	\$16,917,264
TOTAL	\$27,067,667

Determination of Credit Amount(s)

Requested Eligible Basis:	\$18,468,612
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$18,468,612
Applicable Rate:	7.70%
Total Maximum Annual Federal Credit:	\$1,422,083
Total State Credit:	\$5,540,583
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Alliant Capital, LTD
Federal Tax Credit Factor:	\$0.93636
State Tax Credit Factor:	\$0.65000

Per Regulation Section 10322(i)(4)(A), 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, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$18,468,612
Actual Eligible Basis:	\$20,670,729
Unadjusted Threshold Basis Limit:	\$15,624,372
Total Adjusted Threshold Basis Limit:	\$20,792,290

Adjustments to Basis Limit:

- Required to Pay Prevailing Wages
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Seniors
Second:	41.757%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 7.70% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.36%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information: None

Legal Status: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency:

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

Recommendation: Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal Tax Credits/Annual	State Tax Credits/Total
\$1,422,083	\$5,540,583

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.

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 performance deposit and allocation 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.

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.

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 ten 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)(6) 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.

Additional Conditions: None

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ¼ mile of public park or community center open to general public	3	3	3
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, minimum 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: LEED	5	5	5
Develop project to requirements of: LEED Silver	3	3	3
Energy efficiency beyond CA Building Code Title 24 requirements: 17.5%	2	2	2
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
Miscellaneous Federal and State Policies	2	2	2
Enhanced Accessibility and Visitability	2	2	2
Total Points	148	148	148

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.