

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2015 Second Round**  
**September 23, 2015**

Cannery Lofts, located at 900 Jacobsen Lane in Davis, CA, requested and is being recommended for a reservation of \$901,052 in annual federal tax credits and \$3,515,154 in total state tax credits to finance the new construction of 61 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by C.F.Y. Development, Inc. and will be located in Senate District 3 and Assembly District 4.

**Project Number** CA-15-114

**Project Name** Cannery Lofts  
 Site Address: 900 Jacobsen Lane  
 Davis, CA 95616 County: Yolo  
 Census Tract: 105.050

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$901,052	\$3,515,154
Recommended:	\$901,052	\$3,515,154

**Applicant Information**

Applicant: C.F.Y. Development, Inc.  
 Contact: Ali Youssefi  
 Address: 1006 4th Street, Ste. 701  
 Sacramento CA 95814  
 Phone: (916) 446-4040 Fax: (916) 446-4044  
 Email: ali.cfy@gmail.com

General Partner(s) / Principal Owner(s): Egis Group, Inc.  
 Vacaville Community Housing, Inc.  
 Ali Youssefi, individually

General Partner Type: Joint Venture

Parent Company(ies): Egis Group, Inc.  
 Vacaville Community Housing, Inc.  
 Ali Youssefi, individually

Developer: C.F.Y. Development, Inc.

Investor/Consultant: Boston Capital Corporation

Management Agent(s): C.F.Y. Development, Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 7  
 Total # of Units: 62  
 No. & % of Tax Credit Units: 61 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: N/A  
 Utility Allowance: CUAC  
 Affordability Breakdown by Units and % (Lowest Income Points):  
     30% AMI: 7 10 %  
     40% AMI: 7 10 %  
     45% AMI: 28 45 %

**Information**

Set-Aside: N/A  
 Housing Type: Large Family  
 Geographic Area: Capital and Northern Region  
 TCAC Project Analyst: Zhuo Chen

**Unit Mix**

17 1-Bedroom Units  
 25 2-Bedroom Units  
 20 3-Bedroom Units  


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 62 Total Units

<u>Unit Type &amp; Number</u>	<u>2015 Rents Targeted % of Area Median Income</u>	<u>2015 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 1 Bedroom	30%	30%	\$406
2 1 Bedroom	40%	40%	\$542
8 1 Bedroom	45%	45%	\$609
5 1 Bedroom	60%	60%	\$813
3 2 Bedrooms	30%	30%	\$487
3 2 Bedrooms	40%	40%	\$650
11 2 Bedrooms	45%	45%	\$731
7 2 Bedrooms	60%	60%	\$975
2 3 Bedrooms	30%	30%	\$563
2 3 Bedrooms	40%	40%	\$751
9 3 Bedrooms	45%	45%	\$844
7 3 Bedrooms	60%	60%	\$1,126
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$4,048,880
Construction Costs	\$10,796,000
Rehabilitation Costs	\$0
Construction Contingency	\$539,800
Relocation	\$0
Architectural/Engineering	\$683,000
Construction Interest, Perm Financing	\$456,000
Legal Fees, Appraisals	\$210,000
Reserves	\$118,480
Other Costs	\$1,577,444
Developer Fee	\$2,000,000
Commercial Costs	\$0
<b>Total</b>	<b>\$20,429,604</b>

**Project Financing**

Estimated Total Project Cost:	\$20,429,604
Estimated Residential Project Cost:	\$20,429,604

**Residential**

Construction Cost Per Square Foot:	\$197
Per Unit Cost:	\$329,510

**Construction Financing**

Source	Amount
JPMorgan Chase Bank, N.A.	\$9,973,323
City of Davis	\$550,000
Inclusionary Land Donation	\$4,048,880
Deferred Operating Reserve	\$118,480
Deferred City Impact Fees	\$141,427
Deferred Developer Fee	\$2,000,000
Tax Credit Equity	\$3,597,494

**Permanent Financing**

Source	Amount
JPMorgan Chase Bank, N.A.	\$2,923,067
City of Davis	\$1,200,000
Inclusionary Land Donation	\$4,048,880
Deferred City Impact Fees	\$141,427
Deferred Developer Fee	\$194,573
Tax Credit Equity	\$11,921,657
<b>TOTAL</b>	<b>\$20,429,604</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$11,717,192
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$11,717,192
Applicable Rate:	7.69%
Total Maximum Annual Federal Credit:	\$901,052
Total State Credit:	\$3,515,154
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Boston Capital Corporation
Federal Tax Credit Factor:	\$1.05000
State Tax Credit Factor:	\$0.70000

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:	\$11,717,192
Actual Eligible Basis:	\$15,517,192
Unadjusted Threshold Basis Limit:	\$13,714,916
Total Adjusted Threshold Basis Limit:	\$15,615,054

**Adjustments to Basis Limit:**

Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Project has onsite renewable generation estimated to produce 50% or more of annual electricity use as indicated in TCAC Regulations.

Local Development Impact Fees

**Tie-Breaker Information**

First:	<b>Large Family</b>
Second:	<b>40.600%</b>

**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 7.69% of the qualified basis. 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, the City of Davis, 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**  
**\$901,052**

**State Tax Credits/Total**  
**\$3,515,154**

**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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Public Funds	20	20	20
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
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 ¼ mile of transit stop, service every 30 minutes in rush hours	6	6	6
Within ¼ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	2	2	2
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within ½ mile of a public middle school	3	3	3
Within ½ 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>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of GreenPoint Rated Program	5	5	5
Develop project in accordance w/ requirements of Gold	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Enhanced Accessibility and Visitability	2	2	2
<b>Total Points</b>	<b>148</b>	<b>148</b>	<b>148</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.**