

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE  
Project Staff Report  
Qualified Private Activity Tax-Exempt Bond Project  
August 6, 2024**

Monarch, located at 805 R Street in Sacramento on a 1.2 acre site, requested and is being recommended for a reservation of \$5,394,131 in annual federal tax credits and \$8,811,593 in total state tax credits and \$55,161,072 of tax-exempt bond cap to finance the new construction of 241 units of housing, consisting of 239 restricted rental units and 2 unrestricted manager's units. The project will have 82 studio units, 136 one-bedroom units, 22 two-bedroom units, and 1 three-bedroom unit, serving tenants with rents affordable to households earning 30%-70% of area median income (AMI). The building will be five story Type V over Type I construction. Common amenities include large community room, laundry facilities, fitness room, and bike storage. Each unit will have a refrigerator, and range/oven/cooktop. The construction is expected to begin in February 2025 and be completed in April 2027. The project will be developed by Mutual Housing California and will be located in Senate District 8 and Assembly District 10.

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 Grants (LGMG) program of HCD and Mixed-Income Program (MIP) through CalHFA.

**Project Number** CA-24-504

**Project Name** Monarch  
Site Address: 805 R Street  
Sacramento, CA 95811  
County: Sacramento  
Census Tract: 11.03

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$5,394,131	\$8,811,593
Recommended:	\$5,394,131	\$8,811,593

\* The applicant made an election to sell (Certificate) all or any portion of the state credits.

**Tax-Exempt Bond Allocation**  
Recommended: \$55,161,072

**CTCAC Applicant Information**  
CTCAC Applicant/CDLAC Sponsor: Mutual Housing California  
Contact: Parker Evans  
Address: 3321 Power Inn Road, Suite 320  
Sacramento, CA 95826  
Phone: 916-453-8400  
Email: parker@mutualhousing.com

**Bond Financing Information**  
CDLAC Applicant/Bond Issuer: California Housing Finance Agency  
Bond Counsel: Orrick, Herrington & Sutcliffe LLP  
Private Placement Purchaser: Banner Bank

**Development Team**

General Partner(s) or Principal Owner(s): 805 R Mutual Housing Association, LLC  
805 R CADA Association, LLC

General Partner Type: Nonprofit

Parent Company(ies): Mutual Housing California  
Capitol Area Community Development Corporation

Developer: Mutual Housing California

Investor/Consultant: Enterprise Housing Credit Investments

Management Agent: Mutual Housing Management

**Project Information**

Construction Type: New Construction

Total # Residential Buildings: 1

Total # of Units: 241

No. / % of Low Income Units: 239 100.00%

Average Targeted Affordability: 55.02%

Federal Set-Aside Elected: 40%/60% Average Income

Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (20 Units - 8%)

**Information**

Housing Type: Non-Targeted

Geographic Area: Capital Region

State Ceiling Pool: New Construction

Set Aside: Mixed Income Set Aside

Homeless Set Aside Units: 20

CDLAC Project Analyst: Jake Salle

CTCAC Project Analyst: Jacob Paixao

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	24	10%
50% AMI:	75	31%
60% AMI:	112	47%
70% AMI*:	28	12%

\*CTCAC restricted only

**Unit Mix**

82 SRO/Studio Units

136 1-Bedroom Units

22 2-Bedroom Units

1 3-Bedroom Units

---

241 Total Units

<b>Unit Type &amp; Number</b>	<b>2023 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
13 SRO/Studio	30%	\$563
4 SRO/Studio	30%	\$563
7 1 Bedroom	30%	\$603
25 SRO/Studio	50%	\$938
44 1 Bedroom	50%	\$1,005
6 2 Bedrooms	50%	\$1,206
39 SRO/Studio	60%	\$1,126
64 1 Bedroom	60%	\$1,206
9 2 Bedrooms	60%	\$1,447
1 SRO/Studio	70%	\$1,314
21 1 Bedroom	70%	\$1,407
6 2 Bedrooms	70%	\$1,688
1 2 Bedrooms	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	\$0

### Project Cost Summary at Application

Land and Acquisition	\$29,811
Construction Costs	\$80,122,487
Construction Hard Cost Contingency	\$4,006,124
Soft Cost Contingency	\$360,060
Architectural/Engineering	\$1,514,534
Const. Interest, Perm. Financing	\$10,378,264
Legal Fees	\$88,845
Reserves	\$1,035,405
Other Costs	\$4,907,534
Developer Fee	\$6,921,980
Commercial Costs	\$1,297,136
<b>Total</b>	<b>\$110,662,180</b>

### Residential

Construction Cost Per Square Foot:	\$468
Per Unit Cost:	\$453,428
Estimated Hard Per Unit Cost:	\$307,369
True Cash Per Unit Cost*:	\$435,310
Bond Allocation Per Unit:	\$228,884
Bond Allocation Per Restricted Rental Unit:	\$261,427

### Construction Financing

Source	Amount
Banner Bank: Tax-Exempt	\$55,161,072
Banner Bank: Taxable	\$17,946,361
HCD: LGMG	\$10,000,000
CACDC <sup>1</sup>	\$8,000,000
City of Sacramento	\$3,000,000
Accrued Deferred Interest	\$321,725
Deferred Costs	\$2,890,001
Deferred Developer Fee	\$4,421,980
Renewable Energy Tax Credit Equity	\$548,275
Tax Credit Equity	\$8,372,766

### Permanent Financing

Source	Amount
CalHFA: Tax-Exempt	\$22,089,000
CalHFA: MIP	\$4,000,000
HCD: LGMG	\$10,000,000
CACDC <sup>1</sup>	\$8,000,000
City of Sacramento	\$3,000,000
Accrued Deferred Interest	\$321,725
Net Operating Income	\$442,916
MHC <sup>2</sup> : General Partner Loan	\$568,875
MHC <sup>2</sup> : General Partner Loan	\$586,800
Deferred Developer Fee	\$4,421,980
Renewable Energy Tax Credit Equity	\$548,275
Tax Credit Equity	\$56,682,609
<b>TOTAL</b>	<b>\$110,662,180</b>

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

<sup>1</sup>Capitol Area Community Development Corporation

<sup>2</sup>Mutual Housing California

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$103,733,292
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$134,853,280
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$5,394,131
Total State Credit:	\$8,811,593
Approved Developer Fee in Project Cost:	\$6,921,980
Approved Developer Fee in Eligible Basis:	\$6,833,155
Investor/Consultant:	Enterprise Housing Credit Investments
Federal Tax Credit Factor:	\$0.90747
State Tax Credit Factor:	\$0.87755

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.

**CTCAC Significant Information / Additional Conditions**

This project’s annual per unit operating expense total is below the CTCAC published per unit operating minimums of \$5,100. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of \$4,818 on agreement of the permanent lender and equity investor.

**CDLAC Analyst Comments**

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).

Point Criteria	New Const. Max. Points	Rehabilitation Max. Points	Points Scored
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	9
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
<b>Total Points</b>	120	110	119

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

**Tie Breaker:** 79.418%