

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

Auburn Falls, located at six sites (see below) in Sacramento County on a total of 5.95 acres, requested and is being recommended for a reservation of \$2,027,079 in annual federal tax credits and \$28,376,305 of tax-exempt bond cap to finance the acquisition & rehabilitation of 104 units of housing, consisting of 99 restricted rental units and 5 market-rate units. The project has 18 one-bedroom units, 46 two-bedroom units, and 40 three-bedroom units, serving tenants with rents affordable to households earning 40%-80% of area median income (AMI). The renovations will include building exterior/interior upgrades. Building exterior renovations will consist of stucco repairs, roof replacement, window replacements and a fresh coat of paint. Interior renovations will include laundry room, leasing office and community room upgrades. Individual apartment units will be updated with a new appliance package, countertops, cabinets, fixtures, paint and electrical updates. Lastly, common or site area renovations will consist of concrete repairs, asphalt replacement, ADA updates. The construction is expected to begin in December 2024 and be completed in December 2025. The project will be developed by Sacramento Housing Authority Repositioning Program, Inc. (SHARP) and is located in Senate District 6 and Assembly District 7.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers & HUD Rental Assistance Demonstration (RAD).

<b>Project Number</b>	CA-24-524	
<b>Project Name</b>	Auburn Falls	
Site Address:	Site 1	Site 2
	5735 Engle Road	6010 – 6046 Northcrest Circle
	Carmichael, CA 95608	Carmichael, CA 95608
	County: Sacramento	County: Sacramento
	Census Tract: 76.02	Census Tract: 79.03
	Site 3	Site 4
	6054 Shupe Drive	7501 Sunset Avenue
	Citrus Heights, CA 95621	Fair Oaks, CA 95628
	County: Sacramento	County: Sacramento
	Census Tract: 81.19	Census Tract: 80.07
	Site 5	
	7500 Tiara Way	
	Citrus Heights, CA 95610	
	County: Sacramento	
	Census Tract: 81.40	

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,027,079	\$0
Recommended:	\$2,027,079	\$0

<b>Tax-Exempt Bond Allocation</b>	
Recommended:	\$28,376,305

**CTCAC Applicant Information**

CTCAC Applicant/CDLAC Sponsor: Sacramento Housing Authority Repositioning Program (SHARP)  
 Contact: James Shields, President  
 Address: 801 12th Street  
 Sacramento, CA 95814  
 Phone: (916) 444-9120  
 Email: jshields@shra.org

**Bond Financing Information**

CDLAC Applicant/Bond Issuer: Housing Authority of County of Sacramento  
 Bond Counsel: Orrick, Herrington & Sutcliffe LLP  
 Private Placement Purchaser: Citi Community Capital

**Development Team**

General Partner(s) or Principal Owner(s): Auburn Falls, LLC  
 General Partner Type: Nonprofit  
 Parent Company(ies): SHARP  
 Developer: Sacramento Housing Authority Repositioning Program, Inc.  
 Investor/Consultant: RBC Community Investments  
 Management Agent: Housing Authority of the County of Sacramento

**Project Information**

Construction Type: Acquisition & Rehabilitation  
 Total # Residential Buildings: 22  
 Total # of Units: 104  
 No. / % of Low Income Units: 99 95.19%  
 Average Targeted Affordability: 47.47%  
 Federal Set-Aside Elected: 40%/60% Average Income  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (42 Units - 40%) / HUD RAD Section 8 Project-based Vouchers (62 Units - 60%)

**Information**

Housing Type: Non-Targeted  
 Geographic Area: Capital Region  
 State Ceiling Pool: Preservation  
 Set Aside: N/A  
 Homeless Set Aside Units: N/A  
 CDLAC Project Analyst: Jake Salle  
 CTCAC Project Analyst: Chris Saenz

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
40% AMI:	20	20%
50% AMI:	65	66%
60% AMI:	11	11%
80% AMI*:	3	3%

\*CTCAC restricted only

**Unit Mix**

18	1-Bedroom Units
46	2-Bedroom Units
40	3-Bedroom Units
<hr/>	
104	Total Units

<u>Unit Type &amp; Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	40%	\$769
13 2 Bedrooms	50%	\$962
27 3 Bedrooms	50%	\$1,393
6 1 Bedroom	40%	\$804
1 1 Bedroom	50%	\$844
1 1 Bedroom	80%	\$844
6 2 Bedrooms	50%	\$1,206
6 3 Bedrooms	60%	\$1,672
1 2 Bedrooms	40%	\$954
12 2 Bedrooms	50%	\$1,206
6 2 Bedrooms	40%	\$965
1 2 Bedrooms	80%	\$1,930
6 1 Bedroom	50%	\$769
5 2 Bedrooms	60%	\$1,447
1 2 Bedrooms	80%	\$1,930
1 3 Bedrooms	40%	\$1,115
5 3 Bedrooms	40%	\$1,115
1 1 Bedroom	Market Rate Unit	\$699
1 2 Bedrooms	Market Rate Unit	\$882
1 3 Bedrooms	Market Rate Unit	\$1,283
2 1 Bedroom	Market Rate Unit	\$699

**Project Cost Summary at Application**

Land and Acquisition	\$22,850,000
Rehabilitation Costs	\$16,095,586
Construction Hard Cost Contingency	\$2,414,338
Soft Cost Contingency	\$342,961
Relocation	\$1,236,049
Architectural/Engineering	\$825,000
Const. Interest, Perm. Financing	\$2,846,839
Legal Fees	\$765,000
Reserves	\$1,288,845
Other Costs	\$1,172,147
Developer Fee	\$6,983,504
<b>Total</b>	<b>\$56,820,269</b>

**Residential**

Construction Cost Per Square Foot:	\$167
Per Unit Cost:	\$546,349
Estimated Hard Per Unit Cost:	\$132,846
True Cash Per Unit Cost*:	\$409,071
Bond Allocation Per Unit:	\$272,849
Bond Allocation Per Restricted Rental Unit:	\$292,539

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
CitiBank: Tax-Exempt	\$28,376,305	CitiBank	\$9,094,000
HACOS <sup>1</sup> : Seller Carryback	\$13,239,254	HACOS <sup>1</sup> : Seller Carryback	\$13,239,254
City of Citrus Heights: HTF <sup>3</sup>	\$562,665	HACOS <sup>1</sup> : Seller Note	\$9,048,080
Accrued Interest	\$540,051	SHARP <sup>2</sup>	\$1,800,000
Deferred Developer Fee	\$3,365,863	City of Citrus Heights: HTF <sup>3</sup>	\$562,666
Tax Credit Equity	\$3,587,658	Accrued Interest	\$834,474
		General Partner Loan	\$3,365,863
		Deferred Developer Fee	\$1,037,641
		Tax Credit Equity	\$17,838,291
		<b>TOTAL</b>	<b>\$56,820,269</b>

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

<sup>1</sup>Housing Authority of the County of Sacramento

<sup>2</sup>Sacramento Housing Authority Repositioning Program

<sup>3</sup>Housing Trust Fund

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$27,164,022
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$26,376,177
Applicable Fraction:	95.19%
Qualified Basis (Rehabilitation):	\$25,858,059
Qualified Basis (Acquisition):	\$25,108,092
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$1,022,755
Maximum Annual Federal Credit, Acquisition:	\$1,004,324
Total Maximum Annual Federal Credit:	\$2,027,079
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,983,504
Investor/Consultant:	RBC Community Investments
Federal Tax Credit Factor:	\$0.88000

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 involves the substantial rehabilitation of 22 buildings across five scattered-sites. This acquisition/rehabilitation project has a pre-existing Section 8 Project-based Contract in effect for all sites.

At placed-in-service, any units not occupied by income-qualified tenants will be not considered tax credit units and the applicable fraction will be adjusted accordingly. However, these units will be rent-restricted at 60% of area median income (AMI) in the recorded CTCAC regulatory agreement in order to meet the scattered-site requirement of Section 42(g)(7) of the Internal Revenue Code. The recorded CTCAC regulatory agreement will also require that upon turnover the unit(s) must be occupied by income-qualified tenants.

Per CTCAC Regulation Section 10325(f)(7)(J), in lieu of 5 managers' units, the project has committed to employ an equivalent number of on-site full-time property management staff and provide an equivalent number of desk or security staff capable of responding to emergencies for the hours when property management staff is not working. All staff or contractors performing desk or security work shall be knowledgeable of how the property's fire system operates and be trained in, and have participated in, fire evacuation drills for tenants. CTCAC reserves the right to require that one or more on-site managers' units be provided and occupied by property management staff if, in its sole discretion, it determines as part of any on-site inspection that the project has not been adequately operated and/or maintained.

### **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
New Construction Density and Local Incentives	10	0	0
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	0
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	0
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	110

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:** 154.209%