

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
August 7, 2024**

Vacaville Gables Apartments, located at 131 Gable Avenue in Vacaville on a 3.69 acre site, requested and is being recommended for a reservation of \$766,927 in annual federal tax credits and \$12,500,000 of tax-exempt bond cap to finance the acquisition & rehabilitation of 65 units of housing, consisting of 64 restricted rental units, and 1 unrestricted manager's unit. The project has 56 two-bedroom units, and 9 three-bedroom units, serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of stucco and balcony repair, new exterior paint, as well as replacing the roofs. Interior renovations will include new flooring, paint, lighting, kitchen, and bathroom upgrades to the Community Room. Individual apartment units will be updated with new appliances, cabinets, new vinyl plank flooring, electrical fixtures, and interior paint. Lastly, common or site area renovations will consist of concrete repairs, landscape upgrades, new building signage, as well as accessibility upgrades. The construction is expected to begin in December 2024 and be completed in December 2025. The project will be developed by Vacaville Gables AGP, LLC and is located in Senate District 3 and Assembly District 11.

Vacaville Gables Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Vacaville Gables Apartments (CA-98-811). See Resyndication and Resyndication Transfer Event below for additional information. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-24-549

Project Name Vacaville Gables Apartments
Site Address: 131 Gable Avenue
Vacaville, CA 95688
County: Solano
Census Tract: 2532.08

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$766,927	\$0
Recommended:	\$766,927	\$0

Tax-Exempt Bond Allocation
Recommended: \$12,500,000

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Vacaville Gables Preservation, LP
Contact: Luyang Liu
Address: 1200 5th Suite 1825
Seattle, WA 98101
Phone: 425-652-9653
Email: Luyang@ledgcapital.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Statewide Communities Development Authority
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Public Sale: Rated
Underwriter: Stifel, Nicolaus & Company
Credit Enhancement Provider: Fannie Mae MBS

Development Team

General Partner(s) or Principal Owner(s): Central Valley Coalition for Affordable Housing
 Vacaville Gables AGP, LLC
 General Partner Type: Nonprofit
 Parent Company(ies): Central Valley Coalition for Affordable Housing
 River City Affordable Housing
 Developer: Vacaville Gables AGP, LLC
 Investor/Consultant: Walker & Dunlop
 Management Agent: Rainey Property Management

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 17
 Total # of Units: 65
 No. / % of Low Income Units: 64 100.00%
 Average Targeted Affordability: 55.49%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (26 Units - 40%)

Information

Housing Type: Non-Targeted
 Geographic Area: Northern Region
 State Ceiling Pool: Other Rehabilitation
 CDLAC Project Analyst: Danielle Stevenson
 CTCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	7	11%
50% AMI:	8	13%
60% AMI:	49	77%

Unit Mix

56 2-Bedroom Units
 9 3-Bedroom Units

 65 Total Units

Unit Type & Number	2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
4 2 Bedrooms	30%	\$772
4 2 Bedrooms	50%	\$1,287
4 2 Bedrooms	60%	\$1,545
29 2 Bedrooms	60%	\$1,545
2 2 Bedrooms	30%	\$772
2 2 Bedrooms	50%	\$1,287
2 2 Bedrooms	60%	\$1,545
9 2 Bedrooms	60%	\$1,545
1 3 Bedrooms	30%	\$892
2 3 Bedrooms	50%	\$1,487
5 3 Bedrooms	60%	\$1,785
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$13,490,000
Construction Costs	\$0
Rehabilitation Costs	\$5,607,440
Construction Hard Cost Contingency	\$560,744
Soft Cost Contingency	\$50,480
Relocation	\$130,000
Architectural/Engineering	\$245,020
Const. Interest, Perm. Financing	\$1,119,255
Legal Fees	\$330,000
Reserves	\$292,002
Other Costs	\$173,059
Developer Fee	\$1,736,421
Commercial Costs	\$0
Total	\$23,734,421

Residential

Construction Cost Per Square Foot:	\$90
Per Unit Cost:	\$365,145
Estimated Hard Per Unit Cost:	\$74,369
True Cash Per Unit Cost*:	\$270,234
Bond Allocation Per Unit:	\$192,308
Bond Allocation Per Restricted Rental Unit:	\$195,313

Construction Financing

Source	Amount
CSCDA ¹	\$12,500,000
City of Vacaville	\$2,035,998
Seller Note	\$181,610
Seller Credit for STR ²	\$365,390
Net Operating Income	\$521,224
Deferred Developer Fee	\$1,534,623
Tax Credit Equity	\$6,595,575

Permanent Financing

Source	Amount
CBRE Fannie Mae	\$8,047,000
City of Vacaville	\$2,035,998
Seller Note	\$4,634,610
Seller Credit for STR ²	\$365,390
Net Operating Income	\$521,224
Deferred Developer Fee	\$1,534,623
Tax Credit Equity	\$6,595,575
TOTAL	\$23,734,421

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

¹California Statewide Communities Development Authority

²Short Term Reserve

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$8,440,393
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$13,345,500
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$8,440,393
Qualified Basis (Acquisition):	\$13,345,500
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$233,107
Maximum Annual Federal Credit, Acquisition:	\$533,820
Total Maximum Annual Federal Credit:	\$766,927
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,736,421
Investor/Consultant:	Walker & Dunlop
Federal Tax Credit Factor:	\$0.86000

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: None.

CDLAC Analyst Comments

None

Resyndication and Resyndication Transfer Event

Prior to closing, the applicant or its assignee shall obtain CTCAC's consent to assign and assume the existing Regulatory Agreement (CA-98-811). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s). Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-98-811) is a qualified low-income household for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on CTCAC staff's review of the commitment in the application. The services documented in the placed in service package will be reviewed by CTCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a re-syndication occurring concurrently with a Transfer Event with distribution of Net Project Equity, which is otherwise required to set aside a Short Term Work Capitalized Reserve in the amount of \$365,390. In lieu of a Short Term Work Capitalized Reserve, there is a credit from the seller of the project in the amount of \$365,390, allowing the applicant to use Short Term Work Reserve Amount to fund rehabilitation expenses and to receive eligible basis for that amount.

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	20
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
Total Points	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: 127.993%