

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**April 28, 2021**

Allegheny Apartments (FKA Beaumont 2), located at Allegheny Street, North of 6th Avenue in Beaumont, requested and is being recommended for a reservation of \$909,509 in annual federal tax credits to finance the new construction of 47 units of housing serving large families with rents affordable to households earning 30% of area median income (AMI). The project will be developed by Linc Housing Corporation and will be located in Senate District 23 and Assembly District 42.

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 MHP program of HCD.

**Project Number** CA-21-452

**Project Name** Allegheny Apartments (FKA Beaumont 2)  
**Site Address:** Allegheny Street, North of 6th Avenue  
 Beaumont, CA 92223 County: Riverside  
**Census Tract:** 438.18

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$909,509	\$0
Recommended:	\$909,509	\$0

**Applicant Information**

**Applicant:** LINC-Beaumont 2 APTS, LLC  
**Contact:** Jordan Johnson  
**Address:** 3590 Elm Avenue  
 Long Beach, CA 90807  
**Phone:** 562-684-1121  
**Email:** jjohnson@linchousing.org

**General Partner(s) or Principal Owner(s):** LINC-Beaumont 2 APTS, LLC  
 Riverside Community Housing Corporation

**General Partner Type:** Nonprofit  
**Parent Company(ies):** Linc Housing Corporation  
 County of Riverside

**Developer:** Linc Housing Corporation  
**Investor/Consultant:** Raymond James  
**Management Agent:** John Steward Company

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 2  
 Total # of Units: 48  
 No. / % of Low Income Units: 47 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers  
 (47 Units - 100%)

**Bond Information**

Issuer: California Municipal Finance Authority  
 Expected Date of Issuance: October 20, 2021  
 Credit Enhancement: N/A

**Information**

Housing Type: Large Family  
 Geographic Area: Inland Empire Region  
 TCAC Project Analyst: Jonghyun(Tommy), Shim

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>		<b>Percentage of</b>
<b>Number of Units</b>		<b>Affordable Units</b>
30% AMI:	47	100%

**Unit Mix**

24 2-Bedroom Units  
24 3-Bedroom Units  
 48 Total Units

<b>Unit Type &amp; Number</b>	<b>2020 Rents Targeted % of Area Median Income</b>	<b>2020 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
24 2 Bedrooms	30%	30%	\$508
23 3 Bedrooms	30%	30%	\$587
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$680,676
Construction Costs	\$13,872,210
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$709,942
Soft Cost Contingency	\$277,001
Relocation	\$0
Architectural/Engineering	\$1,215,000
Const. Interest, Perm. Financing	\$2,098,674
Legal Fees	\$70,483
Reserves	\$709,739
Other Costs	\$2,357,766
Developer Fee	\$2,934,462
Commercial Costs	\$0
<b>Total</b>	<b>\$24,925,953</b>

**Residential**

Construction Cost Per Square Foot:	\$216
Per Unit Cost:	\$519,291
True Cash Per Unit Cost*:	\$510,239

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
BBVA - Tax Exempt	\$12,735,866	BBVA	\$4,853,000
BBVA	\$9,336,023	HCD - MHP	\$11,970,030
Costs Deferred Until Conversion	\$1,796,667	Deferred Developer Fee	\$434,462
Deferred Developer Fee	\$434,462	Tax Credit Equity	\$7,668,461
Tax Credit Equity	\$622,935	<b>TOTAL</b>	<b>\$24,925,953</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$22,737,732
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$22,737,732
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$909,509
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,934,462
Investor/Consultant:	Raymond James
Federal Tax Credit Factor:	\$0.84314

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.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$22,737,732
Actual Eligible Basis:	\$22,737,732
Unadjusted Threshold Basis Limit:	\$17,422,848
Total Adjusted Threshold Basis Limit:	\$59,028,914

**Adjustments to Basis Limit**

- Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages
- Local Development Impact Fees
- Highest or High Resource Opportunity Area
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 200%

**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 meet or 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 4.00% 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.

**Significant Information / Additional Conditions:** 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.

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 reservation 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.

**CDLAC Additional Conditions**

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.