

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 First Round

June 16, 2021

Mountain View, located at 24551 Raymond Way in Lake Forest, requested and is being recommended for a reservation of \$2,394,672 in annual federal tax credits to finance the new construction of 70 units of housing serving large families with rents affordable to households earning 30-60% AMI of area median income (AMI). The project will be developed by National Community Renaissance of California and will be located in Senate District 37 and Assembly District 68.

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 SNHP program of CalHFA.

Project Number CA-21-036

Project Name Mountain View
Site Address: 24551 Raymond Way
Lake Forest, CA 92630 County: Orange
Census Tract: 524.110

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,394,672	\$0
Recommended:	\$2,394,672	\$0

Applicant Information

Applicant: National Community Renaissance of California
Contact: Ashley Wright
Address: 9421 Haven Avenue
Rancho Cucamonga, CA 91730
Phone: (909) 483-2444
Email: awright@nationalcore.org

General Partner(s) / Principal Owner(s): NCRC Lake Forest LLC
General Partner Type: Nonprofit
Parent Company(ies): National Community Renaissance of California
Developer: National Community Renaissance of California
Investor/Consultant: Wells Fargo
Management Agent(s): National Community Renaissance of California

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 71
No. & % of Tax Credit Units: 70 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (8 Units - 12%)

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Orange County
TCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 19	25%
At or Below 50% AMI: 19	25%
At or Below 60% AMI: 29	40%

Unit Mix

18 1-Bedroom Units
35 2-Bedroom Units
18 3-BedroomUnits
71 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
8 1 Bedroom	30%	\$720
8 1 Bedroom	50%	\$1,201
2 1 Bedroom	60%	\$1,441
9 2 Bedrooms	30%	\$864
7 2 Bedrooms	50%	\$1,441
18 2 Bedrooms	60%	\$1,729
2 3 Bedrooms	30%	\$999
3 3 Bedrooms	40%	\$1,332
4 3 Bedrooms	50%	\$1,665
9 3 Bedrooms	60%	\$1,998
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$7,973,861
Construction Costs	\$18,833,774
Rehabilitation Costs	\$0
Construction Contingency	\$1,154,831
Relocation	\$738,000
Architectural/Engineering	\$1,750,000
Const. Interest, Perm. Financing	\$1,893,050
Legal Fees	\$310,000
Reserves	\$317,027
Other Costs	\$2,366,436
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$37,536,979

Residential

Construction Cost Per Square Foot:	\$232
Per Unit Cost:	\$528,690
True Cash Per Unit Cost*:	\$524,388

Construction Financing

Source	Amount
Wells Fargo	\$25,700,000
City of Lake Forest	\$3,700,000
CalHFA - SNHP	\$1,259,848
Orange County Housing Finance Trust	\$915,256
Deferred Costs	\$1,367,027
Tax Credit Equity	\$4,594,848

Permanent Financing

Source	Amount
CCRC	\$7,214,000
CalHFA - SNHP	\$1,259,848
City of Lake Forest	\$3,700,000
Orange County Housing Finance Trust	\$1,368,856
AHP	\$700,000
Deferred Developer Fee	\$305,425
Tax Credit Equity	\$22,988,850
TOTAL	\$37,536,979

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$20,467,281
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$26,607,465
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,394,672
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Wells Fargo
Federal Tax Credit Factor:	\$0.96000

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, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	Large Family
Final:	43.080%

Significant Information / Additional Conditions

Project costs include the cost of land in a coastal market, holding costs, and demolition of an existing office building and relocation of commercial tenants, which contribute to an estimated per unit cost of approximately

Resyndication and Resyndication Transfer Event: None

Local Reviewing Agency

The Local Reviewing Agency, the City of Lake Forest, has completed a site review of this project and strongly supports this project.

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.

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 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.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, 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 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 fifteen 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)(5) 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.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit station or public bus stop	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ¼ mile of a public elementary school	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
SPECIAL NEEDS HOUSING TYPE			
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	109	109	109

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.