

# **CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

## **Project Staff Report Tax-Exempt Bond Project August 11, 2021**

Vista de la Sierra, located at 11253 Pierce Street in Riverside, requested and is being recommended for a reservation of \$2,044,313 in annual federal tax credits and \$4,182,231 in total state tax credits to finance the new construction of 79 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by National Community Renaissance of California and will be located in Senate District 31 and Assembly District 60.

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 NPLH program of HCD.

<b>Project Number</b>	CA-21-603
<b>Project Name</b>	Vista de La Sierra
Site Address:	11253 Pierce Street
	Riverside, CA 92505
	County: Riverside
Census Tract:	409.01

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,044,313	\$4,182,231
Recommended:	\$2,044,313	\$4,182,231

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

### **Applicant Information**

Applicant:	Golden Pierce Housing Partners, LP
Contact:	Zoe Kranemann
Address:	9421 Haven Avenue
	Rancho Cucamonga, CA 91730
Phone:	(951) 727-6442
Email:	zkranemann@nationalcore.org
General Partner(s) or Principal Owner(s):	NCRC Golden Pierce, LLC
	Mercy House Living Centers
General Partner Type:	Nonprofit
Parent Company(ies):	National Community Renaissance of California
	Mercy House Living Centers
Developer:	National Community Renaissance of California
Bond Issuer:	CSCDA
Investor/Consultant:	Bank of America
Management Agent:	National Community Renaissance of California

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 7  
 Total # of Units: 80  
 No. / % of Low Income Units: 79 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt/HUD Section 8 Project-based Vouchers  
 (47 units - 59%)

**Information**

Housing Type: Large Family  
 Geographic Area: Inland Empire Region  
 TCAC Project Analyst: Sarah Gullikson

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI: 47	59%
50% AMI: 7	9%
60% AMI: 25	32%

**Unit Mix**

40 1-Bedroom Units
20 2-Bedroom Units
20 3-Bedroom Units
<b>80 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2021 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
30 1 Bedroom	30%	\$443
3 1 Bedroom	30%	\$443
1 1 Bedroom	50%	\$739
5 1 Bedroom	60%	\$887
5 2 Bedrooms	30%	\$532
3 2 Bedrooms	30%	\$532
2 2 Bedrooms	50%	\$887
10 2 Bedrooms	60%	\$1,065
4 3 Bedrooms	30%	\$616
2 3 Bedrooms	30%	\$616
4 3 Bedrooms	50%	\$1,027
10 3 Bedrooms	60%	\$1,232
1 1 Bedroom	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$5,147,948
Construction Costs	\$25,521,532
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,518,682
Soft Cost Contingency	\$300,000
Relocation	\$100,000
Architectural/Engineering	\$2,285,000
Const. Interest, Perm. Financing	\$2,678,171
Legal Fees	\$150,000
Reserves	\$613,906
Other Costs	\$2,329,933
Developer Fee	\$5,114,832
Commercial Costs	\$0
<b>Total</b>	<b>\$45,760,004</b>

**Residential**

Construction Cost Per Square Foot:	\$270
Per Unit Cost:	\$572,000
True Cash Per Unit Cost*:	\$569,544

**Construction Financing**

Source	Amount
Bank of America - Tax Exempt	\$23,500,000
Bank of America - Taxable	\$15,000,000
City of Riverside Housing	\$1,000,000
City of Riverside SB2	\$1,000,000
Deferred Costs	\$681,559
Tax Credit Equity	\$4,578,445

**Permanent Financing**

Source	Amount
Bank of America	\$7,208,761
City of Riverside Housing	\$1,000,000
City of Riverside SB2	\$1,000,000
FHLB SFAHP	\$1,185,000
NPLH	\$9,362,680
Deferred Developer Fee	\$196,505
GP Equity	\$2,914,832
Tax Credit Equity	\$22,892,226
<b>TOTAL</b>	<b>\$45,760,004</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$39,313,713
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$51,107,827
Applicable Rate:	4.00%
Maximum Annual Federal Credit:	\$2,044,313
Total Maximum Annual Federal Credit:	\$2,044,313
Total State Credit:	\$4,182,231
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,114,832
Investor/Consultant:	Bank of America
Federal Tax Credit Factor:	\$0.95000
State Tax Credit Factor:	\$0.83000

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.

**Significant Information / Additional Conditions**

Projects with funding and/or subsidy(ies) from HUD are required to use Utility Allowances (UAs) approved by HUD. The applicant’s use of the CUAC for Vista de la Sierra, CA-21-603, is subject to approval by HUD.

The current legal description is part of a larger site and the project site’s parcel (legal description and APN) have not yet been finalized. The legal description and APN for CA-21-603 must be completed as part of the Placed-in-service package.

**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.

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.

#### **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.