CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 8, 2021

Noble Creek Apartments located at 719 Xenia Avenue in Beaumont, requested and is being recommended for a reservation of $580,007 in annual federal tax credits and $1,228,730 in total state acquisition and rehabilitation of 107 units of housing serving tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Highland Property Development and will be located in Senate District 23 and Assembly District 42.

Noble Creek Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Noble Creek Apartments (CA-2004-913). See **Resyndication and Resyndication Transfer Event** below for additional information. The project will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance.

Project Number	CA-21-677

Project Name	Noble Creek Apartments		
Site Address:	719 Xenia Avenue		
	Beaumont CA, 92223	County:	Riverside
Census Tract:	438.21		

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$580,007	$1,228,730
Recommended:	$580,007	$1,228,730

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant:	HPD Noble Creek II LP
Contact:	Kristoffer J. Kaufmann
Address:	701 S. Myrtle Avenue
	Monrovia CA, 96021
Phone:	(626) 698-6361
Email:	k.kaufmann@highlandcompanies.com

General Partner(s) or Principal Owner(s):	HPD Noble Creek II LLC
	Hearthstone CA Properties III, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Highland Property Development LLC
	Hearthstone Housing Foundation
Developer:	Highland Property Development
Bond Issuer:	CSCDA
Investor/Consultant:	Boston Financial Investment Mgmt

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	24
Total # of Units:	108
No. / % of Low Income Units:	107 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt

Information

Housing Type:	Non-Targeted
Geographic Area:	Inland Empire Region
TCAC Project Analyst:	Nick White

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	11	10%
50% AMI:	11	10%
60% AMI:	85	79%

Unit Mix

36	1-Bedroom Units
60	2-Bedroom Units
12	3-Bedroom Units
108	Total Units

Unit Type & Number		2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
3	1 Bedroom	30%	$444
3	1 Bedroom	50%	$740
12	1 Bedroom	60%	$799
18	1 Bedroom	60%	$799
6	2 Bedrooms	30%	$533
6	2 Bedrooms	50%	$888
21	2 Bedrooms	60%	$948
26	2 Bedrooms	60%	$948
2	3 Bedrooms	30%	$616
2	3 Bedrooms	50%	$1,027
3	3 Bedrooms	60%	$1,079
5	3 Bedrooms	60%	$1,079
1	2 Bedrooms	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$6,005,000
Construction Costs	$0
Rehabilitation Costs	$7,490,880
Construction Hard Cost Contingency	$0
Soft Cost Contingency	$0
Relocation	$50,000
Architectural/Engineering	$110,500
Const. Interest, Perm. Financing	$541,525
Legal Fees	$142,000
Reserves	$281,900
Other Costs	$261,831
Developer Fee	$1,473,239
Commercial Costs	$0
Total	**$16,356,875**

Residential

Construction Cost Per Square Foot:	$86
Per Unit Cost:	$151,453
True Cash Per Unit Cost*:	$139,980

Construction Financing

Source	Amount
JP Morgan Chase	$8,500,000
USDA 515	$3,830,000
Net Operating Income	$208,250
Deferred Developer Fee	$1,473,239
Tax Credit Equity	$2,345,386

Permanent Financing

Source	Amount
Bonneville Mortgage Company	$5,000,000
USDA 515	$3,830,000
Deferred Developer Fee	$1,238,983
Net Operating Income	$208,250
Tax Credit Equity	$6,079,642
TOTAL	**$16,356,875**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$9,451,769
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	$5,048,400
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$9,451,769
Qualified Basis (Acquisition):	$5,048,400
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$378,071
Maximum Annual Federal Credit, Acquisition:	$201,936
Total Maximum Annual Federal Credit:	$580,007
Total State Credit:	$1,228,730
Approved Developer Fee in Project Cost:	$1,473,239
Approved Developer Fee in Eligible Basis:	$1,473,239
Investor/Consultant:	Boston Financial Investment Mgmt
Federal Tax Credit Factor:	$0.89991
State Tax Credit Factor:	$0.70000

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: None.

Resyndication and Resyndication Transfer Event

Prior to closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-04-913). 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 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-04-913) 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 TCAC staff's review of the commitment in the application. The services documented in the placed in service package will be reviewed by TCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a resyndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from the requirements under TCAC Regulation Section

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.