

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

Poppy Grove I, located at 10149 Bruceville Road in Elk Grove, requested and is being recommended for a reservation of \$3,081,075 in annual federal tax credits and \$17,775,431 in total state tax credits to finance the new construction of 143 units of housing serving large families with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by Urbancore Development, LLC and will be located in Senate District 6 and Assembly District 9.

Project Number CA-21-682

Project Name Poppy Grove I
Site Address: 10149 Bruceville Road
 Elk Grove, CA 95757 County: Sacramento
Census Tract: 0096.38

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,081,075	\$17,775,431
Recommended:	\$3,081,075	\$17,775,431

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

Applicant Information

Applicant: Oakland Economic Development Corporation
Contact: Sylvester Grigsby
Address: 8055 Collins Dr. Suite 104
 Oakland, CA 94621
Phone: (412) 621-7863
Email: sylvestersr@sbcglobal.net

General Partner(s) or Principal Owner(s): Urbancore Development, LLC
 Oakland Economic Development Corporation

General Partner Type: Joint Venture

Parent Company(ies): Urbancore Development, LLC
 Oakland Economic Development Corporation

Developer: Urbancore Development, LLC

Bond Issuer: California Municipal Finance Authority

Investor/Consultant: CREA

Management Agent: The John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 6
 Total # of Units: 144
 No. / % of Low Income Units: 143 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt

Information

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

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
30% AMI: 15	10%
50% AMI: 15	10%
60% AMI: 83	58%
80% AMI: 30	21%

Unit Mix

28 1-Bedroom Units
56 2-Bedroom Units
60 3-Bedroom Units
144 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
6 1 Bedroom	80%	\$1,360
16 1 Bedroom	60%	\$1,020
3 1 Bedroom	50%	\$850
3 1 Bedroom	30%	\$510
12 2 Bedrooms	80%	\$1,632
32 2 Bedrooms	60%	\$1,224
6 2 Bedrooms	50%	\$1,020
6 2 Bedrooms	30%	\$612
12 3 Bedrooms	80%	\$1,885
35 3 Bedrooms	60%	\$1,413
6 3 Bedrooms	50%	\$1,178
6 3 Bedrooms	30%	\$706
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,600,000
Construction Costs	\$36,596,937
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,829,178
Soft Cost Contingency	\$643,856
Relocation	\$0
Architectural/Engineering	\$1,245,000
Const. Interest, Perm. Financing	\$3,592,515
Legal Fees	\$257,500
Reserves	\$623,442
Other Costs	\$7,738,588
Developer Fee	\$7,728,448
Commercial Costs	\$0
Total	\$64,855,464

Residential

Construction Cost Per Square Foot:	\$215
Per Unit Cost:	\$450,385
True Cash Per Unit Cost*:	\$413,855

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
ATAX - Tax Exempt	\$33,938,328	Greystone	\$17,021,714
ATAX - Taxable	\$15,300,000	Deferred Developer Fee	\$5,260,352
ATAX - Recycled Bonds	\$3,200,000	Tax Credit Equity	\$42,573,398
Deferred Costs	\$8,159,797	TOTAL	\$64,855,464
Tax Credit Equity	\$4,257,339		

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$59,251,436
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$77,026,867
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,081,075
Total State Credit:	\$17,775,431
Approved Developer Fee (in Project Cost & Eligible Basis):	\$7,728,448
Investor/Consultant:	CREA
Federal Tax Credit Factor:	\$0.87990
State Tax Credit Factor:	\$0.86990

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: 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.