

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**Tax-Exempt Bond Project**

**June 15, 2022**

Poppy Grove II, located at 10149 Bruceville Road in Elk Grove, requested and is being recommended for a reservation of \$2,005,863 in annual federal tax credits and \$11,572,289 in total state tax credits to finance the new construction of 81 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 Poppy Grove Development Partners, LLC and will be located in Senate District 6 and Assembly District 9.

**Project Number** CA-22-442

**Project Name** Poppy Grove II  
**Site Address:** 10149 Bruceville Road  
Elk Grove, CA 95757 **County:** Sacramento  
**Census Tract:** 96.38

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,005,863	\$11,572,289
Recommended:	\$2,005,863	\$11,572,289

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

**Applicant Information**

**Applicant:** Oakland Economic Development Corporation  
**Contact:** Anne Griffith  
**Address:** 4733 Allendale Avenue  
Oakland, CA 94619  
**Phone:** (510) 708-7067  
**Email:** Itisi.anne@gmail.com

**General Partner(s) or Principal Owner(s):** Poppy Grove Development Partners, LLC  
Oakland Economic Development Corporation  
**General Partner Type:** Joint Venture  
**Parent Company(ies):** UrbanCore Development LLC  
Oakland Economic Development Corporation  
**Developer:** Poppy Grove Development Partners, 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: 4  
 Total # of Units: 82  
 No. / % of Low Income Units: 81 100.00%  
 Federal Set-Aside Elected: 40%/60% Average Income  
 Federal Subsidy: Tax-Exempt

**Information**

Housing Type: Large Family  
 Geographic Area: Capital Region  
 CTCAC Project Analyst: Franklin Cui

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI: 9	11%
50% AMI: 9	11%
60% AMI: 45	56%
80% AMI: 18	22%

**Unit Mix**

16 1-Bedroom Units  
 32 2-Bedroom Units  
34 3-Bedroom Units  
 82 Total Units

<b>Unit Type &amp; Number</b>	<b>2021 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
2 1 Bedroom	80%	\$1,360
12 1 Bedroom	60%	\$1,020
1 1 Bedroom	50%	\$850
1 1 Bedroom	30%	\$510
8 2 Bedrooms	80%	\$1,632
16 2 Bedrooms	60%	\$1,224
4 2 Bedrooms	50%	\$1,020
4 2 Bedrooms	30%	\$612
8 3 Bedrooms	80%	\$1,885
17 3 Bedrooms	60%	\$1,413
4 3 Bedrooms	50%	\$1,178
4 3 Bedrooms	30%	\$706
1 3 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$2,590,671
Construction Costs	\$24,050,727
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,229,570
Soft Cost Contingency	\$410,860
Relocation	\$0
Architectural/Engineering	\$840,323
Const. Interest, Perm. Financing	\$2,044,979
Legal Fees	\$232,500
Reserves	\$252,375
Other Costs	\$5,109,407
Developer Fee	\$5,031,430
Commercial Costs	\$0
<b>Total</b>	<b>\$41,792,842</b>

**Residential**

Construction Cost Per Square Foot:	\$223
Per Unit Cost:	\$509,669
True Cash Per Unit Cost*:	\$461,593

**Construction Financing**

Source	Amount
ATAX (Tax-Exempt)	\$22,250,000
ATAX (Taxable)	\$8,128,221
ATAX (Recycled Bonds)	\$1,800,000
Deferred Cost	\$5,426,904
State Tax Credit Equity	\$1,510,184
Federal Tax Credit Equity	\$2,677,533

**Permanent Financing**

Source	Amount
Greystone	\$9,932,520
Deferred Developer Fee	\$3,942,209
Tax Credit Equity	\$27,918,113
<b>TOTAL</b>	<b>\$41,792,842</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$38,574,297
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$50,146,586
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,005,863
Total State Credit:	\$11,572,289
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,031,430
Investor/Consultant:	CREA
Federal Tax Credit Factor:	\$0.88990
State Tax Credit Factor:	\$0.87000

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:**

Pursuant to CCTCAC Regulation Section 10326(g)(5), general partners and management companies lacking documented experience with Section 42 requirements using the minimum scoring standards at Section 10325(c)(2)(A) and (B) shall be required to complete training as prescribed by CCTCAC prior to a project’s placing in service. Specifically, the General Partner UrbanCore Development, LLC, shall complete training as prescribed by CCTCAC prior to the project's placing in service.

**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.

CTCAC 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 CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC 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, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, 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 CTCAC 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 CTCAC in its final feasibility analysis.

**CDLAC Additional Conditions**

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