

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**June 15, 2022**

The Aspire, located at 3861-3893 3rd Street in Riverside, requested and is being recommended for a reservation of \$943,540 in annual federal tax credits and \$5,443,497 in total state tax credits to finance the new construction of 32 units of housing serving special needs tenants with rents affordable to households earning 20% of area median income (AMI). The project will be developed by Innovative Housing Opportunities Inc. and will be located in Senate District 31 and Assembly District 61.

The project financing includes state funding from Mixed Income Program through CalHFA.

**Project Number** CA-22-516

**Project Name** The Aspire  
**Site Address:** 3861-3893 3rd Street  
Riverside CA, 92501 County: Riverside  
**Census Tract:** 303.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$943,540	\$5,443,497
Recommended:	\$943,540	\$5,443,497

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

**Applicant Information**

**Applicant:** Kingdom Development, Inc.  
**Contact:** William Leach  
**Address:** 6451 Box Springs Blvd  
Riverside CA 92507  
**Phone:** 951-538-6244  
**Email:** william@kingdomdevelopment.net

**General Partner(s) or Principal Owner(s):** Kingdom Riverside LLC  
IHO-The Aspire LLC  
Innovative Housing Opportunities, Inc.

**General Partner Type:** Nonprofit

**Parent Company(ies):** Kingdom Development, Inc.  
Innovative Housing Opportunitives, Inc.

**Developer:** Innovative Housing Opportunitives, Inc.

**Bond Issuer:** CalPFA

**Investor/Consultant:** Boston Financial

**Management Agent:** FPI Management Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 33  
 No. / % of Low Income Units: 32 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based vouchers (32 units - 100%)

**Information**

Housing Type: Special Needs  
 Geographic Area: Inland Empire Region  
 CTCAC Project Analyst: Nick White

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 32	100%

**Unit Mix**

<u>33 1-Bedroom Units</u>
33 Total Units

<u>Unit Type &amp; Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
32 1 Bedroom	20%	\$296
1 1 Bedroom	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,491,705
Construction Costs	\$11,127,295
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$752,400
Soft Cost Contingency	\$439,841
Relocation	\$0
Architectural/Engineering	\$1,466,260
Const. Interest, Perm. Financing	\$1,075,477
Legal Fees	\$417,417
Reserves	\$565,727
Other Costs	\$2,666,163
Developer Fee	\$2,366,738
Commercial Costs	\$0
<b>Total</b>	<b><u>\$22,369,023</u></b>

**Residential**

Construction Cost Per Square Foot:	\$585
Per Unit Cost:	\$677,849
True Cash Per Unit Cost*:	\$672,679

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citi Tax Exempt	\$10,284,295	City of Riverside PLHA Loan	\$541,019
Citi Taxable	\$5,463,404	City of Riverside HOME Loan	\$459,981
Deferred Fees and Costs	\$4,097,609	City of Riverside Land Donatio	\$900,000
Tax Credit Equity	\$2,523,715	MHP Loan	\$7,678,832
		Deferred Developer Fee	\$170,616
		Tax Credit Equity	\$12,618,575
		<b>TOTAL</b>	<b>\$22,369,023</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$18,144,991
130% High Cost Adjustment:	Yes
Requested Eligible Basis:	\$0
Applicable Fraction:	100.00%
Qualified Basis:	\$23,588,488
Applicable Rate:	4.00%
Maximum Annual Federal Credit:	\$943,540
Total State Credit:	\$5,443,497
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,366,738
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.84991
State Tax Credit Factor:	\$0.84492

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:**

CTCAC has noted that this project has excess reserves. CTCAC accepts these excess reserves as a result of meeting a different housing agency requirement.

**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.