CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2023 First Round
July 26, 2023

Casas Del Rio, located at 1740 East La Veta Avenue in Orange, requested and is being recommended for a reservation of $928,294 in annual federal tax credits to finance the acquisition and rehabilitation of 39 units of housing serving tenants with rents affordable to households earning 30% of area median income (AMI). The project will be developed by Valued Housing II, LLC and is located in Senate District 37 and Assembly District 68.

The project is currently at-risk, but is being recommended for a reservation of tax credits that will preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

Project Number CA-23-009

Project Name Casas Del Rio

Site Address:	1740 East La Veta Avenue Orange, CA 92866
County:	Orange
Census Tract:	758.06

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$928,294	$0
Recommended:	$928,294	$0

Applicant Information

Applicant:	Curio Housing LP
Contact:	Kenneth Robertson
Address:	14131 Yorba Street Orange, CA 92780
Phone:	714-803-7200
Email:	ksr@riversidecharitable.org

General Partner(s) / Principal Owner(s):	1740 LaVeta LLC VH Casas Del Rio GP, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Riverside Charitable Corporation Valued Housing II LLC
Developer:	Valued Housing II, LLC
Investor/Consultant:	R4 Capital
Management Agent(s):	Barker Management, Inc.

Project Information

Construction Type:	Acquisition and Rehabilitation
Total # Residential Buildings:	1
Total # of Units:	40
No. & % of Tax Credit Units:	39 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	HUD Section 8 Project-based Contract (39 Units - 100%)

Information

Set-Aside:	At-Risk
Housing Type:	At-Risk
Geographic Area:	N/A
CTCAC Project Analyst:	Jacob Paixao

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percent of Required Affordable Units
At or Below 30% AMI:	39	80%

Unit Mix

10	SRO/Studio Units
24	1-Bedroom Units
6	2-Bedroom Units
40	Total Units

Unit Type & Number		2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
10	SRO/Studio	30%	$711
24	1 Bedroom	30%	$762
5	2 Bedrooms	30%	$915
1	2 Bedrooms	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$10,700,000
Construction Costs	$0
Rehabilitation Costs	$3,400,050
Construction Contingency	$415,005
Relocation	$400,000
Architectural/Engineering	$204,856
Const. Interest, Perm. Financing	$1,658,968
Legal Fees	$110,000
Reserves	$265,592
Other Costs	$182,390
Developer Fee	$1,255,137
Commercial Costs	$0
Total	**$18,591,998**

Residential

Construction Cost Per Square Foot:	$112
Per Unit Cost:	$464,800
True Cash Per Unit Cost*:	$464,800

Construction Financing

Source	Amount
Lument Real Estate Capital LLC	$7,600,000
Riverside Charitable Corp.	$4,798,195
Net Operating Income	$148,666
Ground Lease Value	$2,400,000
Deferred Developer Fee	$1,255,137
Tax Credit Equity	$2,390,000

Permanent Financing

Source	Amount
Lument Real Estate Capital LLC	$7,600,000
Net Operating Income	$237,352
Ground Lease Value	$2,400,000
Tax Credit Equity	$8,354,646
TOTAL	**$18,591,998**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$6,441,048
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	$8,715,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$6,441,048
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	$8,715,000
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$579,694
Maximum Annual Federal Credit, Acquisition:	$348,600
Total Maximum Annual Federal Credit:	$928,294
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,255,137
Investor/Consultant:	R4 Capital
Federal Tax Credit Factor:	$0.90000

The “as if vacant” land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	**At-Risk**
Self-Score Final:	**29.995%**
CTCAC Final:	**29.995%**

Significant Information / Additional Conditions

The project's pro forma shows a Debt Service Coverage Ratio below limits established by CTCAC Regulations. Pursuant to CTCAC Regulations 10327(g), the shortage of cash flow is within the $25,000 limit allowed by Committee. The applicant must correct the cash flow shortage in the readiness submission.

Local Reviewing Agency

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Standard Conditions
The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	**10**	**10**	**10**
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	**10**	**10**	**10**
Site Amenities	**15**	**15**	**15**
Within ⅓ mile of transit station or public bus stop	4	4	4
Within ¾ mile of public park or community center open to general public	2	2	2
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1 mile of medical clinic or hospital	2	2	2
Within 1 mile of a pharmacy	1	1	1
In-unit high speed internet service	2	2	2
Service Amenities	**10**	**10**	**10**
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
Lowest Income	**52**	**52**	**52**
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	**10**	**10**	**10**
Miscellaneous Federal and State Policies	**2**	**2**	**2**
Smoke Free Residence	2	2	2
Total Points	**109**	**109**	**109**

<u>Please Note:</u> If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.