

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2023 First Round

July 26, 2023

Orchard Grove, located at 12131-12222 Tamerlane Drive in Garden Grove, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$6,184,733 in total state tax credits to finance the acquisition and rehabilitation of 77 units of housing serving tenants with rents affordable to households earning 20%-60% of area median income (AMI). The project will be developed by Affordable Housing Access, Inc. and is located in Senate District 34 and Assembly District 70.

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.

Project Number CA-23-026

Project Name Orchard Grove
Site Address: 12131-12222 Tamerlane Drive
Garden Grove, CA 92840
County: Orange
Census Tract: 884.02

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,500,000	\$6,184,733
Recommended:	\$2,500,000	\$6,184,733

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

Applicant Information

Applicant: Affordable Housing Access, Inc.
Contact: Shawn Boyd
Address: 3920 Birch Street, Suite 103
Newport Beach, CA 92660
Phone: (949) 253-3120
Email: sboyd@ahaccess.org

General Partner(s) / Principal Owner(s): AHA NGGC, LLC
Kingdom Village, LLC
General Partner Type: Joint Venture
Parent Company(ies): Affordable Housing Access, Inc.
Kingdom Development, In.
Developer: Affordable Housing Access, Inc.
Investor/Consultant: R4 Capital, LLC
Management Agent(s): Aperto

Project Information

Construction Type: Acquisition and Rehabilitation
Total # Residential Buildings: 15
Total # of Units: 78
No. & % of Tax Credit Units: 77 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: None

Information

Set-Aside: Nonprofit (qualified nonprofit organization)
Housing Type: At-Risk
Geographic Area: N/A
CTCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 20% AMI:	8	10%
At or Below 40% AMI:	9	10%
At or Below 50% AMI:	30	40%
At or Below 60% AMI:	30	35%

Unit Mix

31 1-Bedroom Units
38 2-Bedroom Units
9 3-Bedroom Units
<u>78 Total Units</u>

<u>Unit Type & Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	20%	\$508
4 2 Bedrooms	20%	\$610
3 3 Bedrooms	20%	\$704
9 2 Bedrooms	40%	\$1,220
16 1 Bedroom	50%	\$1,270
14 2 Bedrooms	50%	\$1,525
14 1 Bedroom	60%	\$1,524
11 2 Bedrooms	60%	\$1,830
5 3 Bedrooms	60%	\$2,114
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$24,153,948
Construction Costs	\$0
Rehabilitation Costs	\$13,724,688
Construction Contingency	\$1,922,468
Relocation	\$585,000
Architectural/Engineering	\$850,000
Const. Interest, Perm. Financing	\$2,596,654
Legal Fees	\$565,000
Reserves	\$279,649
Other Costs	\$514,570
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$47,391,977

Residential

Construction Cost Per Square Foot:	\$230
Per Unit Cost:	\$607,589
True Cash Per Unit Cost*:	\$606,771

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank	\$21,138,680	Citibank: Permanent	\$5,329,182
Citibank: Permanent	\$5,329,182	City of Garden Grove ¹	\$3,646,000
City of Garden Grove ²	\$8,879,321	City of Garden Grove ²	\$8,879,321
City of Garden Grove ³	\$3,277,973	City of Garden Grove ³	\$3,277,973
Deferred Costs	\$2,527,689	Deferred Developer Fee	\$63,841
Tax Credit Equity	\$6,239,132	Tax Credit Equity	\$26,195,661
		TOTAL	\$47,391,977

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

¹City of Garden Grove: New Financing

²City of Garden Grove: Existing Debt

³City of Garden Grove: Forgiven Interest

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$20,617,835
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$16,965,842
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$20,617,835
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$16,965,842
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$1,855,605
Maximum Annual Federal Credit, Acquisition:	\$678,634
Total Maximum Annual Federal Credit:	\$2,534,239
Total State Credit:	\$5,820,980
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	R4 Capital, LLC
Federal Tax Credit Factor:	\$0.84992
State Tax Credit Factor:	\$0.80000

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:	36.777%
CTCAC Final:	36.777%

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, City of Garden Grove, has completed a site review of this project and strongly supports this project.

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 1/3 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1 mile of public library	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 1/2 mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
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

Please Note: 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.