

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
August 23, 2023**

The Gardens at Bella Breeze, located west of Dresden Drive & Bella Breeze Drive in Lincoln, requested and is being recommended for a reservation of \$3,204,927 in annual federal tax credits and \$14,670,000 in total state tax credits to finance the new construction of 187 units of housing serving families with rents affordable to households earning 30%-80% of area median income (AMI). The project will be developed by Kelley Ventures, LLC and will be located in Senate District 1 and Assembly District 5.

The project financing includes state funding from the Mixed-Income Program (MIP) through CalHFA.

Project Number CA-23-522

Project Name The Gardens at Bella Breeze
Site Address: West Of Dresden Drive & Bella Breeze Drive
Lincoln, CA 95648
County: Placer
Census Tract: 235.02

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,204,927	\$14,670,000
Recommended:	\$3,204,927	\$14,670,000

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

Applicant Information

Applicant: Riverside Charitable Corporation
Contact: Recinda Shafer
Address: 14131 Yorba Street
Tustin, CA 92780
Phone: 714.628.1654
Email: recinda@riversidecharitable.org

General Partner(s) or Principal Owner(s): Riverside Charitable Corporation
Kelley Ventures, LLC
General Partner Type: Joint Venture
Parent Company(ies): Riverside Charitable Corporation
Kelley Ventures, LLC
Developer: Kelley Ventures, LLC
Bond Issuer: California Housing Finance Agency (CalHFA)
Investor/Consultant: Boston Financial
Management Agent: ConAm Management Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 7
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: Capital Region
 CTCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	19	10%
50% AMI:	20	11%
60% AMI:	129	69%
80% AMI:	19	10%

Unit Mix

93 1-Bedroom Units
48 2-Bedroom Units
48 3-Bedroom Units
189 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
10 1 Bedroom	30%	\$570
10 1 Bedroom	50%	\$950
63 1 Bedroom	60%	\$1,140
10 1 Bedroom	80%	\$1,521
5 2 Bedrooms	30%	\$684
5 2 Bedrooms	50%	\$1,140
32 2 Bedrooms	60%	\$1,368
5 2 Bedrooms	80%	\$1,824
4 3 Bedrooms	30%	\$790
5 3 Bedrooms	50%	\$1,317
34 3 Bedrooms	60%	\$1,581
4 3 Bedrooms	80%	\$2,108
1 2 Bedrooms	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,305,000
Construction Costs	\$39,165,114
Construction Hard Cost Contingency	\$2,000,000
Soft Cost Contingency	\$500,000
Architectural/Engineering	\$1,075,000
Const. Interest, Perm. Financing	\$4,392,000
Legal Fees	\$100,000
Reserves	\$1,064,755
Other Costs	\$7,033,570
Developer Fee	\$8,039,115
Total	\$65,674,554

Residential

Construction Cost Per Square Foot:	\$254
Per Unit Cost:	\$347,484
True Cash Per Unit Cost*:	\$326,849

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank, N.A.: Tax-Exempt	\$34,000,000	CalHFA: Tax-Exempt	\$17,600,000
Citibank, N.A.: Taxable	\$15,000,000	CalHFA: MIP	\$4,000,000
Deferred Costs	\$1,064,755	Deferred Developer Fee	\$3,900,000
Deferred Developer Fee	\$8,039,115	Tax Credit Equity	\$40,174,554
Tax Credit Equity	\$7,570,684	TOTAL	\$65,674,554

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$61,633,217
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$80,123,182
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,204,927
Total State Credit:	\$14,670,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,039,115
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.85991
State Tax Credit Factor:	\$0.85991

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

This Project's annual per unit operating expense total is below the CTCAC published per unit operating minimum of \$4,800. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of \$4,330 on agreement of the permanent lender and equity investor.

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.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).