

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

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

Clark Terrace, located at 2660 and 2680 Clark Avenue in Norco, requested and is being recommended for a reservation of \$1,409,971 in annual federal tax credits to finance the acquisition & rehabilitation of 79 units of housing serving tenants with rents affordable to households earning 50% of area median income (AMI). The project will be developed by Beacon Development Group and is located in Senate District 31 and Assembly District 63.

**Project Number** CA-23-525

**Project Name** Clark Terrace  
Site Address: 2660 and 2680 Clark Avenue  
Norco, CA 92860  
County: Riverside  
Census Tract: 466.01

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,409,971	\$0
Recommended:	\$1,409,971	\$0

**Applicant Information**

Applicant: Clark Terrace LP  
Contact: Orest Dolyniuk  
Address: 1900 Huntington Drive  
Duarte, CA 91010  
Phone: (818) 259-7568  
Email: orestd@beacondevgroup.com

General Partner(s) or Principal Owner(s): Clark Terrace LLC  
General Partner Type: Nonprofit  
Parent Company(ies): HumanGood Affordable Housing  
Developer: Beacon Development Group  
Bond Issuer: California Municipal Finance Authority  
Investor/Consultant: California Housing Partnership Corporation  
Management Agent: Human Good Affordable Housing

**Project Information**

Construction Type: Acquisition & Rehabilitation  
Total # Residential Buildings: 2  
Total # of Units: 80  
No. / % of Low Income Units: 79 100.00%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (78 Units - 99%)

**Information**

Housing Type: Non-Targeted  
Geographic Area: Inland Empire Region  
CTCAC Project Analyst: Franklin Cui

## 55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
50% AMI:	79	100%

### Unit Mix

79 1-Bedroom Units
1 2-Bedroom Units
<u>80 Total Units</u>

<u>Unit Type &amp; Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
39 1 Bedroom	50%	\$825
39 1 Bedroom	50%	\$825
1 1 Bedroom	50%	\$825
1 2 Bedrooms	Manager's Unit	\$0

### Project Cost Summary at Application

Land and Acquisition	\$19,721,670
Construction Costs	\$0
Rehabilitation Costs	\$8,274,064
Construction Hard Cost Contingency	\$1,241,110
Soft Cost Contingency	\$250,000
Relocation	\$850,000
Architectural/Engineering	\$429,000
Const. Interest, Perm. Financing	\$4,025,820
Legal Fees	\$160,000
Reserves	\$904,000
Other Costs	\$588,381
Developer Fee	\$2,500,000
Commercial Costs	\$0
<b>Total</b>	<b>\$38,944,045</b>

### Residential

Construction Cost Per Square Foot:	\$136
Per Unit Cost:	\$486,801
True Cash Per Unit Cost*:	\$280,316

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citi	\$18,610,000	Citi	\$4,444,000
Seller Note	\$15,236,088	Seller Note	\$15,236,088
Seller Note Deferred Interest	\$1,174,910	Seller Note Deferred Interest	\$1,174,910
Deferred Costs	\$2,257,543	Sponsor Note	\$4,463,912
General Partner Equity	\$478,915	NOI: Net Operating Income	\$540,000
Deferred Developer Fee	\$107,741	General Partner Equity	\$478,915
Tax Credit Equity	\$1,078,848	Deferred Developer Fee	\$107,741
		Tax Credit Equity	\$12,498,479
		<b>TOTAL</b>	<b>\$38,944,045</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$13,802,311
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$17,306,296
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$17,943,004
Qualified Basis (Acquisition):	\$17,306,296
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$717,719
Maximum Annual Federal Credit, Acquisition:	\$692,252
Total Maximum Annual Federal Credit:	\$1,409,971
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	CA Housing Partnership Corp.
Federal Tax Credit Factor:	\$0.88644

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:** None.

**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).