CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 6, 2023

Citrus Grove, located at 1432 North Willow Avenue in Rialto, requested and is being recommended for a reservation of $2,302,531 in annual federal tax credits to finance the acquisition & rehabilitation of 150 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by National Community Renaissance of California (NCRC) and is located in Senate District 23 and Assembly District 45.

Citrus Grove is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Willow Winchester Neighborhood Revitalization Project (aka Citrus Grove of Rialto) (CA-2006-835). See Resyndication and Resyndication Transfer Event below for additional information. The project financing includes state funding from the Multifamily Housing Program (MHP) of HCD.

Project Number CA-23-646

Project Name	Citrus Grove
Site Address:	1432 North Willow Avenue Rialto, CA 92376
County:	San Bernardino
Census Tract:	35.06

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,302,531	$0
Recommended:	$2,302,531	$0

Applicant Information

Applicant:	National Community Renaissance of California (NCRC)
Contact:	Bobbie Barnett
Address:	9692 Haven Avenue Suite 100 Rancho Cucamonga, CA 91730
Phone:	909-204-3502
Email:	bbarnett@nationalcore.org

General Partner(s) or Principal Owner(s):	National Community Renaissance of California (NCRC)
General Partner Type:	Nonprofit
Parent Company(ies):	National Community Renaissance of California (NCRC)
Developer:	National Community Renaissance of California (NCRC)
Bond Issuer:	The California Statewide Communities Development Authority (CSCDA)
Investor/Consultant:	Hudson Housing Capital
Management Agent:	National Community Renaissance of California

Project Information

Construction Type:	Acquisition & Rehabilitation	
Total # Residential Buildings:	38	
Total # of Units:	152	
No. / % of Low Income Units:	150	100.00%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt	

Information

Housing Type:	Large Family
Geographic Area:	Inland Empire Region
CTCAC Project Analyst:	Dylan Hervey

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	16	11%
40% AMI:	39	26%
50% AMI:	52	35%
60% AMI:	43	29%

Unit Mix

100	2-Bedroom Units
52	3-Bedroom Units
152	Total Units

Unit Type & Number		2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
11	2 Bedrooms	30%	$629
27	2 Bedrooms	40%	$839
36	2 Bedrooms	50%	$1,048
25	2 Bedrooms	60%	$1,258
5	3 Bedrooms	30%	$727
12	3 Bedrooms	40%	$969
16	3 Bedrooms	50%	$1,211
18	3 Bedrooms	60%	$1,454
1	2 Bedrooms	Manager’s Unit	$0
1	3 Bedrooms	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$41,153,622
Rehabilitation Costs	$13,085,050
Construction Hard Cost Contingency	$1,308,505
Soft Cost Contingency	$575,000
Relocation	$1,417,560
Architectural/Engineering	$300,000
Const. Interest, Perm. Financing	$1,213,787
Legal Fees	$255,000
Reserves	$357,969
Other Costs	$287,281
Developer Fee	$4,372,742
Total	**$64,326,516**

Residential	
Construction Cost Per Square Foot:	$88
Per Unit Cost:	$423,201
True Cash Per Unit Cost*:	$401,494

Construction Financing	
Source	Amount
Chase - Tax-Exempt	$1,403,916
Chase - Tax-Exempt	$12,159,788
City of Rialto - RHA¹	$19,332,011
RHA¹	$2,329,926
HCD - MHP²	$11,651,466
County of San Bernardino	$4,706,412
AHP Mississippi Valley	$1,000,000
Operating Income	$181,828
Deferred Developer Fee	$6,509,120
Tax Credit Equity	$5,052,049

Permanent Financing	
Source	Amount
Chase - Tax-Exempt	$1,403,916
City of Rialto - RHA¹	$19,332,011
RHA¹	$2,329,926
HCD - MHP²	$11,651,466
County of San Bernardino	$4,706,412
AMP Mississippi Valley	$1,000,000
Operating income	$343,069
Deferred Developer Fee	$3,299,469
Tax Credit Equity	$20,260,247
TOTAL	**$64,326,516**

¹Rialto Housing Authority (RHA)
²Housing and Community Development (HCD) - Multifamily Housing Program (MHP)
*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$19,701,961
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	$37,861,333
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$19,701,961
Qualified Basis (Acquisition):	$37,861,333
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$788,078
Maximum Annual Federal Credit, Acquisition:	$1,514,453
Total Maximum Annual Federal Credit:	$2,302,531
Approved Developer Fee in Eligible Basis:	$4,372,742
Investor/Consultant:	Hudson Housing Capital
Federal Tax Credit Factor:	$0.87991

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

The applicant must submit to CTCAC, at the time the placed in service documentation is submitted, 3rd party lender verification of the assumed debt at the time of closing on the purchase of the property. The total assumed debt figure represents the purchase price of the property. Should the assumed debt figure be less than the acquisition basis of the existing improvements figure presented in the preliminary application, CTCAC may re-evaluate the acquisition basis of the existing improvements, which ultimately may affect the final tax credit award.

Resyndication and Resyndication Transfer Event

Prior to closing, the applicant or its assignee shall obtain CTCAC's consent to assign and assume the existing Regulatory Agreement (CA-2006-835). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement and any deeper targeting levels in the new regulatory agreement for the duration of the new regulatory agreement. Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-2006-835) is a qualified low-income household for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on CTCAC staff’s review of the commitment in the application. The services documented in the placed in service package will be reviewed by CTCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a resyndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from the requirements under CTCAC Regulation Section 10320(b)(4)(B).

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).