

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
August 6, 2024**

Lincoln Avenue Apartments, located at 7101 Lincoln Avenue in Buena Park on a 1.35 acre site, requested and is being recommended for a reservation of \$1,427,812 in annual federal tax credits and \$20,600,000 of tax-exempt bond cap to finance the new construction of 55 units of housing, consisting of 54 restricted rental units and 1 unrestricted manager's unit. The project will have 14 one-bedroom units, 23 two-bedroom units, and 18 three-bedroom units, serving families with rents affordable to households earning 30%-70% of area median income (AMI). The proposed new construction project will consists of four elevator serviced 3-story buildings. The construction type will be Type V-A wood framed construction structure. Common amenities include a tot lot, teen area, BBQ pavilion, a community room, technology center, outdoor passive open area, laundry facilities, lobby, management offices, bike parking spaces and a combination of surface and carport parking. Each unit will have a refrigerator, range/oven, dishwasher, garbage disposal, central heating and cooling, blinds carpet and a patio/balcony. The construction is expected to begin in January 2025 and be completed in November 2026. The project will be developed by C&C Development Co., LLC and will be located in Senate District 36 and Assembly District 67.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the Special Needs Housing Program (SNHP) and Mental Health Service Act (MHSA) through CalHFA.

Project Number CA-24-545

Project Name Lincoln Avenue Apartments
Site Address: 7101 Lincoln Avenue
Buena Park, CA 90620
County: Orange
Census Tract: 1102.01

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,427,812	\$0
Recommended:	\$1,427,812	\$0

Tax-Exempt Bond Allocation
Recommended: \$20,600,000

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Lincoln Buena Park LP
Contact: Recinda Shafer
Address: 14131 Yorba Street
Tustin, CA 92780
Phone: (714) 628-1654
Email: recinda@riversidecharitable.org

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Municipal Finance Authority
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Bank of America, N.A.
Public Sale: Unenhanced/Unrated

Development Team

General Partner(s) or Principal Owner(s): C&C Lincoln Buena Park LLC
RCC MGP LLC

General Partner Type: Joint Venture
Riverside Charitable Corporation

Developer: C&C Development Co., LLC

Investor/Consultant: National Equity Fund Inc.

Management Agent: Advanced Property Services Management, Inc.

Project Information

Construction Type: New Construction

Total # Residential Buildings: 4

Total # of Units: 55

No. / % of Low Income Units: 54 100.00%

Average Targeted Affordability: 45.30%

Federal Set-Aside Elected: 40%/60% Average Income

Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (13 Units - 20%)

Information

Housing Type: Large Family

Geographic Area: Orange County

State Ceiling Pool: New Construction

Set Aside: Extremely Low/Very Low Income Set Aside

Homeless Set Aside Units: 13

CDLAC Project Analyst: Sarah Lester

CTCAC Project Analyst: Nick White

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	17	31%
40% AMI:	9	17%
60% AMI:	13	24%
70% AMI*:	15	28%

*CTCAC restricted only

Unit Mix

14 1-Bedroom Units
23 2-Bedroom Units
18 3-Bedroom Units
55 Total Units

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
10 1 Bedroom	30%	\$355
3 1 Bedroom	30%	\$355
2 2 Bedrooms	30%	\$863
2 3 Bedrooms	30%	\$997
7 2 Bedrooms	40%	\$1,292
2 3 Bedrooms	40%	\$1,492
1 1 Bedroom	60%	\$1,546
7 2 Bedrooms	60%	\$1,938
5 3 Bedrooms	60%	\$2,238
7 2 Bedrooms	70%	\$2,170
8 3 Bedrooms	70%	\$2,611
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,255,000
Construction Costs	\$24,555,002
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$794,172
Soft Cost Contingency	\$320,000
Relocation	\$0
Architectural/Engineering	\$1,050,000
Const. Interest, Perm. Financing	\$4,063,551
Legal Fees	\$262,000
Reserves	\$266,300
Other Costs	\$1,546,181
Developer Fee	\$4,236,213
Commercial Costs	\$0
Total	\$41,348,419

Residential

Construction Cost Per Square Foot:	\$563
Per Unit Cost:	\$751,789
Estimated Hard Per Unit Cost:	\$389,053
True Cash Per Unit Cost*:	\$693,918
Bond Allocation Per Unit:	\$374,545
Bond Allocation Per Restricted Rental Unit:	\$528,205

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Bank of America: Tax-Exempt	\$20,600,000	Citi Bank: Tax-Exempt	\$7,883,780
County of Orange: SNHP/MHSA	\$1,759,040	County of Orange: SNHP/MHSA	\$1,759,040
City of Buena Park: Land	\$3,850,000	County of Orange	\$1,200,000
City of Buena Park	\$1,000,000	OCHFT ¹	\$1,154,290
CalOptima Grant	\$8,000,000	City of Buena Park: Land	\$3,850,000
Deferred Costs	\$324,100	City of Buena Park	\$1,000,000
General Partner Equity	\$100	CalOptima Grant	\$8,000,000
Deferred Developer Fee	\$4,130,884	General Partner Equity	\$100
Tax Credit Equity	\$1,684,295	Deferred Developer Fee	\$3,182,919
		Tax Credit Equity	\$13,318,290
		TOTAL	\$41,348,419

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

¹Orange County Housing Finance Trust

Determination of Credit Amount(s)

Requested Eligible Basis:	\$35,695,299
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$35,695,299
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,427,812
Approved Developer Fee (in Project Cost & Eligible Basis):	\$4,236,213
Investor/Consultant:	National Equity Fund Inc.
Federal Tax Credit Factor:	\$0.93278

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.

CTCAC Significant Information / Additional Conditions

Development costs are roughly \$693,918 per unit. The applicant noted the factors affecting this cost include high interest rates, construction supply chain issues, soil condition treatment, and relocation costs.

CDLAC Analyst Comments

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).

Point Criteria	New Const. Max. Points	Rehabilitation Max. Points	Points Scored
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	9
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	119

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

Tie Breaker: 102.202%