

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
December 11, 2024**

Arrowhead Grove Phase IV, located at 363 Elm Circle in San Bernardino on a 4.59 acre site, requested and is being recommended for a reservation of \$3,056,472 in annual federal tax credits and \$33,060,500 of tax-exempt bond cap to finance the new construction of 92 units of housing, consisting of 91 restricted rental units and 1 unrestricted manager's unit. The project will have 22 one-bedroom units, 46 two-bedroom units, and 24 three-bedroom units, serving families with rents affordable to households earning 30%-80% of area median income (AMI). The construction is expected to begin in June 2025 and be completed in June 2027. The project will be developed by National Community Renaissance of California and will be located in Senate District 23 and Assembly District 45.

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 Affordable Housing and Sustainable Communities (AHSC) program of HCD.

Project Number CA-24-726
Project Name Arrowhead Grove Phase IV
Site Address: 363 Elm Circle
San Bernardino, CA 92410
County: San Bernardino
Census Tract: 6401.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,056,472	\$0
Recommended:	\$3,056,472	\$0

Tax-Exempt Bond Allocation
Recommended: \$33,060,500

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: National Community Renaissance of California
Contact: Lesley Hampton
Address: 9692 Haven Ave, Suite 100
Rancho Cucamonga, CA 91730
Phone: 909-204-3444
Email: lhampton@nationalcore.org

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Statewide Communities Development Authority
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Bank of America, N.A.

Development Team
General Partner(s) or Principal Owner(s): NCRC AG4 MGP LLC
General Partner Type: Nonprofit
Developer: National Community Renaissance of California
Investor/Consultant: Bank of America
Management Agent: National Community Renaissance of California

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 7
 Total # of Units: 92
 No. / % of Low Income Units: 91 100.00%
 Average Targeted Affordability: 47.75%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HOME / HUD Section 8 Project-based Vouchers
 (91 Units - 100%)

Information

Housing Type: Large Family
 Geographic Area: Inland Empire Region
 State Ceiling Pool: New Construction
 Set Aside: Extremely Low/Very Low Income Set Aside
 CDLAC Project Analyst: Daisy Andrade
 CTCAC Project Analyst: Sabrina Yang

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	23	25%
40% AMI:	17	19%
50% AMI:	19	21%
60% AMI:	11	12%
70% AMI*:	11	12%
80% AMI*:	10	11%

*CTCAC restricted only

Unit Mix

22 1-Bedroom Units
 46 2-Bedroom Units
24 3-Bedroom Units
 92 Total Units

<u>Unit Type & Number</u>	<u>2024 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
6 1 Bedroom	30%	\$480
12 2 Bedrooms	30%	\$575
5 3 Bedrooms	30%	\$666
3 1 Bedroom	40%	\$576
5 2 Bedrooms	40%	\$691
1 3 Bedrooms	40%	\$799
8 3 Bedrooms	40%	\$1,066
3 1 Bedroom	50%	\$961
11 2 Bedrooms	50%	\$1,152
5 3 Bedrooms	50%	\$1,332
2 1 Bedroom	60%	\$1,153
9 2 Bedrooms	60%	\$1,382
5 1 Bedroom	70%	\$1,345
5 2 Bedrooms	70%	\$1,612
1 3 Bedrooms	70%	\$1,865
3 1 Bedroom	80%	\$1,538
4 2 Bedrooms	80%	\$1,843
3 3 Bedrooms	80%	\$2,132
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$7,222,170
Construction Costs	\$37,134,595
Construction Hard Cost Contingency	\$2,030,339
Soft Cost Contingency	\$800,493
Architectural/Engineering	\$1,495,000
Const. Interest, Perm. Financing	\$4,828,020
Legal Fees	\$325,000
Reserves	\$772,432
Other Costs	\$4,004,977
Developer Fee	\$7,666,735
Total	\$66,279,761

Residential

Construction Cost Per Square Foot:	\$374
Per Unit Cost:	\$720,432
Estimated Hard Per Unit Cost:	\$336,423
True Cash Per Unit Cost*:	\$709,563
Bond Allocation Per Unit:	\$359,353
Bond Allocation Per Restricted Rental Unit:	\$472,293

Construction Financing

Source	Amount
Bank of America: Tax-Exempt	\$33,060,500
Bank of America: Taxable	\$5,197,193
San Bernardino County: HOME	\$4,500,000
City of San Bernardino: HOME	\$4,410,000
HACSB ² : Ground Lease	\$3,600,000
Accrued Interest	\$638,010
Deferred Costs	\$1,454,748
Developer Fee Contribution	\$4,166,735
Deferred Developer Fee	\$1,000,000
General Partner Equity	\$100
Tax Credit Equity	\$8,252,475

Permanent Financing

Source	Amount
Bank of America	\$10,731,668
HCD: AHSC	\$8,735,000
San Bernardino County: HOME	\$5,000,000
City of San Bernardino: HOME/LMIHAF ¹	\$4,900,000
HACSB ² : Ground Lease	\$3,600,000
Accrued Interest	\$638,010
Developer Fee Contribution	\$4,166,735
Deferred Developer Fee	\$1,000,000
General Partner Equity	\$100
Tax Credit Equity	\$27,508,248
TOTAL	\$66,279,761

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

¹Low-and Moderate-Incoming Housing Asset Fund

²Housing Authority of the County of San Bernardino

Determination of Credit Amount(s)

Requested Eligible Basis:	\$58,778,302
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$76,411,793
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,056,472
Approved Developer Fee (in Project Cost & Eligible Basis):	\$7,666,735
Federal Tax Credit Factor:	\$0.90000

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

Staff noted a per-unit development cost of \$709,563. The applicant noted that the cost is attributed to the requirement of prevailing wage payments and required off-site improvements.

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

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: 132.192%