CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 14, 2020

Maison's Palmdale, located at 65th Street E & E Avenue S in Palmdale, requested and is being recommended for a reservation of $1,285,703 in annual federal tax credits to finance the new construction of 117 units of housing serving large families with rents affordable to households earning 50%-60% AMI of area median income (AMI). The project will be developed by Ravello Holdings, Inc. and will be located in Senate District 21 and Assembly District 36.

Project Number   CA-20-567

Project Name   Maison's Palmdale
    Site Address: 65th Street E & E Avenue S
                        Palmdale, CA 93552   County: Los Angeles
    Census Tract: 9107.05

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	$1,285,703	$0
Recommended:	$1,285,703	$0

Applicant Information
    Applicant: Maison's Palmdale, LP
    Contact: Matt Avital
    Address: 12424 Wilshire Blvd. Ste 670
                     Los Angeles, CA 90025
    Phone: 310-295-1755
    Email: matt@ascendacap.com

    General Partner(s) or Principal Owner(s):   Ravello MODs Palmdale 118, LLC
                                                AHA High Desert MGP, LLC
    General Partner Type: Joint Venture
    Parent Company(ies):   Ravello Holdings, Inc.
                                      Affordable Housing Access, Inc.
    Developer: Ravello Holdings, Inc.
    Investor/Consultant: Berkadia Affordable Tax Credit Solutions
    Management Agent: Aperto Property Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 118
Total # of Units: 118
No. / % of Low Income Units: 117   100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt

Bond Information

Issuer: California Public Finance Authority
Expected Date of Issuance: April 15, 2020

Information

Housing Type: Large Family
Geographic Area: Balance of Los Angeles County
TCAC Project Analyst: Sara Dixon

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	36	31%
60% AMI:	81	69%

Unit Mix

59 2-Bedroom Units
59 3-Bedroom Units
118 Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
18	2 Bedrooms	50%	50%	$1,175
40	2 Bedrooms	60%	60%	$1,410
18	3 Bedrooms	50%	50%	$1,357
41	3 Bedrooms	60%	60%	$1,629
1	2 Bedrooms	Manager's Unit	Manager's Unit	$1,500

Project Cost Summary at Application

Land and Acquisition	$1,442,000
Construction Costs	$17,877,480
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$942,037
Soft Cost Contingency	$300,000
Relocation	$0
Architectural/Engineering	$682,862
Const. Interest, Perm. Financing	$2,238,344
Legal Fees	$225,000
Reserves	$396,623
Other Costs	$5,276,607
Developer Fee	$3,630,699
Commercial Costs	$0
Total	**$33,011,652**

Residential

Construction Cost Per Square Foot:	$109
Per Unit Cost:	$279,760
True Cash Per Unit Cost*:	$269,005

Construction Financing

Source	Amount
Fallbrook Loan Fund - TE Loan	$16,744,775
Fallbrook Loan Fund - Taxable	$5,476,163
Deferred Developer Fee	$1,346,544
Tax Credit Equity	$9,444,170

Permanent Financing

Source	Amount
Fallbrook Loan Fund - TE Loan	$16,744,775
Fallbrook Loan Fund - Taxable	$3,043,169
Deferred Developer Fee	$1,269,062
Tax Credit Equity	$11,954,646
TOTAL	**$33,011,652**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$30,524,770
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$39,682,201
Applicable Rate:	3.24%
Maximum Annual Federal Credit:	$1,285,703
Approved Developer Fee (in Project Cost & Eligible Basis):	$3,630,699
Investor/Consultant: Berkadia Affordable Tax Credit Solutions	
Federal Tax Credit Factor:	$0.92981

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.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	$30,524,770
Actual Eligible Basis:	$30,524,770
Unadjusted Threshold Basis Limit:	$54,884,160
Total Adjusted Threshold Basis Limit:	$71,349,408

Adjustments to Basis Limit
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 30%

Cost Analysis and Line Item Review
Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations. Annual operating expenses meet or exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.24% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

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.

TCAC 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 TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC 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 TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC 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 TCAC in its final feasibility analysis.

CDLAC Additional Conditions
The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.