

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**Tax-Exempt Bond Project**

**September 16, 2020**

Maison's Palmdale, located at 65th Street E and E Avenue S in Palmdale, California, requested and is being recommended for a reservation of \$1,357,235 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% 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-20-616

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

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,357,235	\$0
Recommended:	\$1,357,235	\$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: September 30, 2020

**Information**

Housing Type: Large Family  
 Geographic Area: Balance of Los Angeles County  
 TCAC Project Analyst: Brett Andersen

**55-Year Use / Affordability**

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

**Unit Mix**

59 2-Bedroom Units  
 59 3-Bedroom Units  


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 118 Total Units

<b>Unit Type &amp; Number</b>	<b>2020 Rents Targeted % of Area Median Income</b>	<b>2020 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
18 2 Bedrooms	50%	50%	\$1,267
40 2 Bedrooms	60%	60%	\$1,521
18 3 Bedrooms	50%	50%	\$1,464
41 3 Bedrooms	60%	60%	\$1,757
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$1,650

**Project Cost Summary at Application**

Land and Acquisition	\$1,542,000
Construction Costs	\$19,181,480
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$942,037
Soft Cost Contingency	\$300,000
Relocation	\$0
Architectural/Engineering	\$682,862
Const. Interest, Perm. Financing	\$3,089,530
Legal Fees	\$325,000
Reserves	\$1,547,162
Other Costs	\$5,378,727
Developer Fee	\$3,832,696
Commercial Costs	\$0
<b>Total</b>	<b>\$36,821,494</b>

**Residential**

Construction Cost Per Square Foot:	\$120
Per Unit Cost:	\$312,047
True Cash Per Unit Cost*:	\$302,167

**Construction Financing**

Source	Amount
Construction Loan - Tax Exempt	\$17,513,929
Construction Loan - Taxable	\$8,605,192
Deferred Developer Fee	\$1,588,433
Tax Credit Equity	\$9,113,940

**Permanent Financing**

Source	Amount
Permanent Loan - Tax Exempt	\$17,513,929
Permanent Loan - Taxable	\$6,605,192
Deferred Developer Fee	\$1,165,740
Tax Credit Equity	\$11,536,633
<b>TOTAL</b>	<b>\$36,821,494</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$32,223,045
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$41,889,959
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$1,357,235
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,832,696
Investor/Consultant:	Berkadia Affordable Tax Credit Solutions
Federal Tax Credit Factor:	\$0.85001

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:	\$32,223,045
Actual Eligible Basis:	\$32,223,045
Unadjusted Threshold Basis Limit:	\$54,884,160
Total Adjusted Threshold Basis Limit:	\$81,777,398

**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: 49%

**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.