

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project**

**April 28,2021
REVISED**

Maison's Village I, located at the Southeast Corner of Palmdale Boulevard East and 52nd Street East in Palmdale, requested and is being recommended for a reservation of \$2,446,280 in annual federal tax credits and \$11,043,171 in total state tax credits to finance the new construction of 168 units of housing serving large families with rents affordable to households earning 30-80% 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-20-439

Project Name Maison's Village I
Site Address: Palmdale Boulevard East and 52nd Street East
Palmdale, CA 93552 County: Los Angeles
Census Tract: 9107.13

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,446,280	\$11,043,171
Recommended:	\$2,446,280	\$11,043,171

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Ravello MODs Palmdale Blvd 170, LLC
Contact: Matt Avital
Address: 12424 Wilshire Blvd., Suite 670
Los Angeles, CA 90025
Phone: 310-295-1755
Email: matt@ascendacap.com

General Partner(s) or Principal Owner(s): Ravello MODs Palmdale Blvd 170, 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: WNC
Management Agent: Aperto Property Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 170
Total # of Units: 170
No. / % of Low Income Units: 168 100.00%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Tax-Exempt

Bond Information

Issuer: California Municipal Finance Authority
Expected Date of Issuance: September 30, 2021

Information

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

55-Year Use / Affordability

<u>Aggregate Targeting</u> <u>Number of Units</u>	<u>Percentage of</u> <u>Affordable Units</u>
30% AMI: 18	11%
50% AMI: 28	17%
60% AMI: 89	53%
70% AMI: 17	10%
80% AMI: 16	10%

Unit Mix

27 1-Bedroom Units
71 2-Bedroom Units
72 3-Bedroom Units
170 Total Units

Unit Type & Number	2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
3 1 Bedroom	30%	30%	\$633
5 1 Bedroom	50%	50%	\$1,056
18 1 Bedroom	60%	60%	\$1,267
7 2 Bedrooms	30%	30%	\$760
11 2 Bedrooms	50%	50%	\$1,267
37 2 Bedrooms	60%	60%	\$1,521
7 2 Bedrooms	70%	70%	\$1,774
8 2 Bedrooms	80%	80%	\$2,028
8 3 Bedrooms	30%	30%	\$878
12 3 Bedrooms	50%	50%	\$1,464
34 3 Bedrooms	60%	60%	\$1,757
10 3 Bedrooms	70%	70%	\$2,050
8 3 Bedrooms	80%	80%	\$2,342
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,140,000
Construction Costs	\$31,407,072
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,589,357
Soft Cost Contingency	\$80,801
Relocation	\$0
Architectural/Engineering	\$857,900
Const. Interest, Perm. Financing	\$4,780,748
Legal Fees	\$252,589
Reserves	\$670,142
Other Costs	\$5,907,894
Developer Fee	\$5,089,272
Commercial Costs	\$0
Total	\$53,775,775

Residential

Construction Cost Per Square Foot:	\$179
Per Unit Cost:	\$316,328
True Cash Per Unit Cost*:	\$286,391

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Merchants Capital Tax-Exempt	\$27,535,000	Merchants Capital Tax-Exempt	\$19,000,000
Merchants Capital Recycled Bonds	\$5,000,000	Merchants Capital Recycled Bonds	\$5,000,000
Deferred Hard Costs & Reserves	\$10,434,202	Deferred Developer Fee	\$1,189,272
Deferred Developer Fee	\$5,089,272	Tax Credit Equity	\$28,586,503
Tax Credit Equity	\$5,717,301	TOTAL	\$53,775,775

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$47,043,842
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$47,043,842
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,446,280
Total State Credit:	\$14,113,153
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,089,272
Investor/Consultant:	WNC
Federal Tax Credit Factor:	\$0.83000
State Tax Credit Factor:	\$0.75000

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:	\$47,043,842
Actual Eligible Basis:	\$47,043,842
Unadjusted Threshold Basis Limit:	\$84,459,179
Total Adjusted Threshold Basis Limit:	\$114,864,483

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: 16%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 20%

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 4.00% 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.