

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
June 15, 2022

The Lyla, located at Bruceville Road, north of Laguna Boulevard in Elk Grove, requested and is being recommended for a reservation of \$5,510,776 in annual federal tax credits and \$30,080,000 in total state tax credits to finance the new construction of 291 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 Pacific West Communities, Inc. and will be located in Senate District 6 and Assembly District 9.

Project Number CA-22-431

Project Name The Lyla
Site Address: North of Laguna Boulevard
 Elk Grove, CA 95758 County: Sacramento
Census Tract: 96.15

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$5,510,776	\$30,080,000
Recommended:	\$5,510,776	\$30,080,000

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Riverside Charitable Corporation
Contact: Recinda Shafer
Address: 14131 Yorba Street
 Tustin, CA 92780
Phone: 714.628.1654
Email: recinda@riversidecharitable.org

General Partner(s) or Principal Owner(s): Riverside Charitable Corporation
 TPC Holdings IX, LLC
 Kelley Ventures, LLC

General Partner Type: Joint Venture

Parent Company(ies): Riverside Charitable Corporation
 The Pacific Companies
 Kelley Ventures, LLC

Developer: Pacific West Communities, Inc.
Bond Issuer: California Municipal Finance Authority (CMFA)
Investor/Consultant: Boston Financial
Management Agent: Aperto Property Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 13
Total # of Units: 294
No. / % of Low Income Units: 291 100.00%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
Geographic Area: Capital Region
CTCAC Project Analyst: Sarah Gullikson

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	30	10%
50% AMI:	30	10%
60% AMI:	173	59%
80% AMI:	58	20%

Unit Mix

50 SRO/Studio Units
93 1-Bedroom Units
76 2-Bedroom Units
75 3-Bedroom Units
294 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
5 SRO/Studio	30%	\$476
5 SRO/Studio	50%	\$793
30 SRO/Studio	60%	\$952
10 SRO/Studio	80%	\$1,270
10 1 Bedroom	30%	\$510
10 1 Bedroom	50%	\$850
55 1 Bedroom	60%	\$1,020
18 1 Bedroom	80%	\$1,360
8 2 Bedrooms	30%	\$612
8 2 Bedrooms	50%	\$1,020
44 2 Bedrooms	60%	\$1,224
13 2 Bedrooms	80%	\$1,632
7 3 Bedrooms	30%	\$706
7 3 Bedrooms	50%	\$1,178
44 3 Bedrooms	60%	\$1,413
17 3 Bedrooms	80%	\$1,885
3 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,914,212
Construction Costs	\$67,038,417
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,400,000
Soft Cost Contingency	\$800,000
Relocation	\$0
Architectural/Engineering	\$1,090,000
Const. Interest, Perm. Financing	\$5,400,000
Legal Fees	\$100,000
Reserves	\$1,319,939
Other Costs	\$14,710,040
Developer Fee	\$13,823,016
Commercial Costs	\$0
Total	\$110,595,624

Residential

Construction Cost Per Square Foot:	\$249
Per Unit Cost:	\$376,176
True Cash Per Unit Cost*:	\$350,859

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank: Tax Exempt	\$57,000,000	Citibank: Tax Exempt	\$24,500,000
Citibank: Taxable	\$30,000,000	City of Elk Grove	\$6,000,000
Deferred Costs	\$1,319,939	Deferred Developer Fee	\$7,443,016
Deferred Developer Fee	\$13,823,016	Tax Credit Equity	\$72,652,608
Tax Credit Equity	\$8,452,669	TOTAL	\$110,595,624

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$105,976,458
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$137,769,395
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$5,510,776
Total State Credit:	\$30,080,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$13,823,016
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.85991
State Tax Credit Factor:	\$0.83992

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.

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.

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.

