

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
May 10, 2023**

Crossings at Palm Desert, located at SE corner of Dick Kelly Drive and Gateway Drive in Palm Desert, requested and is being recommended for a reservation of \$5,087,646 in annual federal tax credits and \$18,804,656 in total state tax credits to finance the new construction of 174 units of housing serving families with rents affordable to households earning 30%-80% of area median income (AMI). The project will be developed by A0358 Monterey Development LLC and will be located in Senate District 28 and Assembly District 42.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-23-476

Project Name Crossings at Palm Desert
Site Address: SE corner of Dick Kelley Drive and Gateway Drive
Palm Desert, CA 92211
County: Riverside
Census Tract: 449.22

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$5,087,646	\$18,804,656
Recommended:	\$5,087,646	\$18,804,656

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

Applicant Information

Applicant: A0358 Monterey, L.P.
Contact: John F. Bigley
Address: 2000 E 4th Street, Suite 205
Santa Ana, CA 92705
Phone: 714 835-3955
Email: jbigley@uhcllc.net

General Partner(s) or Principal Owner(s): A0358 Monterey Holdings, LLC
A0358 Monterey Admin Holdings, LLC
General Partner Type: Joint Venture
Parent Company(ies): Ikaika Ohana
Blieu Companies, LLC
Developer: A0358 Monterey Development LLC
Bond Issuer: California Statewide Communities Development
Authority
Investor/Consultant: RBC
Management Agent: Hyder & Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 9
 Total # of Units: 176
 No. / % of Low Income Units: 174 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (87 Units - 50%)

Information

Housing Type: Large Family
 Geographic Area: Inland Empire Region
 CTCAC Project Analyst: Jonghyun (Tommy) Shim

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	93	53%
40% AMI:	7	4%
50% AMI:	2	1%
55% AMI:	37	21%
80% AMI:	35	20%

Unit Mix

44 1-Bedroom Units
80 2-Bedroom Units
52 3-Bedroom Units
176 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
5 1 Bedroom	30%	\$492
24 1 Bedroom	55%	\$907
15 1 Bedroom	80%	\$1,311
36 2 Bedrooms	30%	\$590
1 2 Bedrooms	30%	\$590
7 2 Bedrooms	40%	\$792
2 2 Bedrooms	50%	\$990
13 2 Bedrooms	55%	\$1,089
19 2 Bedrooms	80%	\$1,573
51 3 Bedrooms	30%	\$686
1 3 Bedrooms	80%	\$1,831
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$8,210,285
Construction Costs	\$65,618,148
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,360,253
Soft Cost Contingency	\$789,940
Relocation	\$0
Architectural/Engineering	\$2,336,000
Const. Interest, Perm. Financing	\$6,856,589
Legal Fees	\$261,300
Reserves	\$726,000
Other Costs	\$5,858,050
Developer Fee	\$12,000,000
Commercial Costs	\$0
Total	\$106,016,565

Residential

Construction Cost Per Square Foot:	\$351
Per Unit Cost:	\$602,367
True Cash Per Unit Cost*:	\$530,673

Construction Financing

Source	Amount
Citibank Tax-Exempt	\$54,500,000
Citibank Taxable	\$17,750,000
Palm Desert Housing Authority	\$7,235,000
Seller Carryback Loan	\$3,866,666
Deferred Costs	\$726,000
Deferred Developer Fee	\$10,761,823
Tax Credit Equity	\$11,177,076

Permanent Financing

Source	Amount
Citibank	\$26,387,000
Palm Desert Housing Authority	\$7,235,000
Seller Carryback Loan	\$3,866,666
Deferred Developer Fee	\$8,751,538
Tax Credit Equity	\$59,776,361
TOTAL	\$106,016,565

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$97,839,346
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$127,191,150
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$5,087,646
Total State Credit:	\$18,804,656
Approved Developer Fee (in Project Cost & Eligible Basis):	\$12,000,000
Investor/Consultant:	RBC
Federal Tax Credit Factor:	\$0.87000
State Tax Credit Factor:	\$0.82500

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.

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).