

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

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

Tres Lagos Apartments Phase II, located at 23345 & 23365 Catt Road in Wildomar, requested and is being recommended for a reservation of \$2,428,779 in annual federal tax credits and \$14,012,186 in total state tax credits to finance the new construction of 87 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by D.L. Horn & Associates LLC and will be located in Senate District 28 and Assembly District 67.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the No Place Like Home (NPLH) program of HCD.

**Project Number** CA-23-487

**Project Name** Tres Lagos Apartments Phase II  
Site Address: 23345 & 23365 Catt Road  
Wildomar, CA 92595  
County: Riverside  
Census Tract: 432.70

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,428,779	\$14,012,186
Recommended:	\$2,428,779	\$14,012,186

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

**Applicant Information**

Applicant: Wildomar Tres Lagos Partners II LP  
Contact: Danavon L. Horn  
Address: 100 Pacifica, Suite 203  
Irvine, CA 92618  
Phone: (949) 878-9367  
Email: dhorn@palmcommunities.com

General Partner(s) or Principal Owner(s): PC Wildomar Developers II LLC  
Las Palmas Housing and Development Corporation  
General Partner Type: Joint Venture  
Parent Company(ies): Palm Communities  
Las Palmas Housing and Development Corporation  
Developer: D.L. Horn & Associates LLC  
Bond Issuer: California Statewide Communities Development Authority  
Investor/Consultant: Hunt Capital Partners, LLC  
Management Agent: Aperto Property Management

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 4  
Total # of Units: 88  
No. / % of Low Income Units: 87 100.00%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (42 Units - 48%)

**Information**

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

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	45	52%
50% AMI:	2	2%
60% AMI:	40	46%

**Unit Mix**

40 1-Bedroom Units
26 2-Bedroom Units
22 3-Bedroom Units
<b>88 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2022 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
39 1 Bedroom	30%	\$495
1 1 Bedroom	50%	\$825
3 2 Bedrooms	30%	\$594
1 2 Bedrooms	50%	\$990
21 2 Bedrooms	60%	\$1,179
3 3 Bedrooms	30%	\$686
10 3 Bedrooms	60%	\$1,311
9 3 Bedrooms	60%	\$1,311
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$4,081,702
Construction Costs	\$33,059,054
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,767,959
Soft Cost Contingency	\$500,000
Relocation	\$0
Architectural/Engineering	\$770,980
Const. Interest, Perm. Financing	\$3,829,300
Legal Fees	\$130,000
Reserves	\$514,350
Other Costs	\$3,493,586
Developer Fee	\$3,258,648
Commercial Costs	\$0
<b>Total</b>	<b>\$51,405,579</b>

## Residential

Construction Cost Per Square Foot:	\$482
Per Unit Cost:	\$584,154
True Cash Per Unit Cost*:	\$544,845

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Banner Bank: Tax-Exempt	\$25,351,486	Banner Bank: (select)	\$6,293,617
Banner Bank: Taxable Tail	\$14,410,375	HCD: No Place Like Home	\$8,624,654
HACR <sup>1</sup> : Land	\$1,581,256	HACR <sup>1</sup> : Land	\$1,581,256
Deferred Developer Fee	\$3,456,844	Deferred Developer Fee	\$1,877,961
Tax Credit Equity	\$6,605,618	Tax Credit Equity	\$33,028,091
		<b>TOTAL</b>	<b>\$51,405,579</b>

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

<sup>1</sup>Housing Authority of the County of Riverside

### Determination of Credit Amount(s)

Requested Eligible Basis:	\$46,707,289
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$60,719,476
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,428,779
Total State Credit:	\$14,012,186
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,258,648
Investor/Consultant:	Hunt Capital Partners, LLC
Federal Tax Credit Factor:	\$0.90991
State Tax Credit Factor:	\$0.77992

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

The current legal description is part of a larger site and the project site's parcel (legal description and APN) have not yet been finalized. The legal description and APN for CA-23-487 must be completed as part of the placed-in-service package.

**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).