

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
August 23, 2023**

Devonwood Apartments, located at 2991 Maverick Lane in Merced, requested and is being recommended for a reservation of \$3,558,118 in annual federal tax credits and \$9,238,568 in total state tax credits to finance the new construction of 154 units of housing serving families with rents affordable to households earning 30%-70% of area median income (AMI). The project will be developed by The Richman Group of California Development Company, LLC and will be located in Senate District 14 and Assembly District 27.

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 Infill Infrastructure Grant (IIG) program of HCD and Mixed-Income Program (MIP) through CalHFA.

Project Number CA-23-543

Project Name Devonwood Apartments
Site Address: 2991 Maverick Lane
Merced, CA 93548
County: Merced
Census Tract: 10.03

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,558,118	\$9,238,568
Recommended:	\$3,558,118	\$9,238,568

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

Applicant Information

Applicant: Central Valley Coalition for Affordable Housing
Contact: Chris Alley
Address: 3351 M Street #100
Merced, CA 95348
Phone: 310-402-7706
Email: chris@centralvalleycoalition.com

General Partner(s) or Principal Owner(s): Central Valley Coalition for Affordable Housing
Devonwood GP, LLC
General Partner Type: Joint Venture
Parent Company(ies): Central Valley Coalition for Affordable Housing
The Richman Group
Developer: The Richman Group of California Development Company, LLC
Bond Issuer: CalFHA
Investor/Consultant: The Richman Group Affordable Housing Corporation
Management Agent: Richman Property Services

Project Information

Construction Type: New Construction
Total # Residential Buildings: 5
Total # of Units: 156
No. / % of Low Income Units: 154 100.00%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (31 Units - 20%)

Information

Housing Type: Large Family
 Geographic Area: Central Valley Region
 CTCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	31	20%
40% AMI:	16	10%
50% AMI:	63	41%
60% AMI:	23	15%
70% AMI:	21	14%

Unit Mix

69 1-Bedroom Units
 48 2-Bedroom Units
39 3-Bedroom Units
 156 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
11 1 Bedroom	30%	\$438
7 1 Bedroom	40%	\$585
28 1 Bedroom	50%	\$731
13 1 Bedroom	60%	\$877
10 1 Bedroom	70%	\$1,023
10 2 Bedrooms	30%	\$526
5 2 Bedrooms	40%	\$702
19 2 Bedrooms	50%	\$877
6 2 Bedrooms	60%	\$1,053
6 2 Bedrooms	70%	\$1,228
10 3 Bedrooms	30%	\$607
4 3 Bedrooms	40%	\$810
16 3 Bedrooms	50%	\$1,013
4 3 Bedrooms	60%	\$1,215
5 3 Bedrooms	70%	\$1,418
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,800,000
Construction Costs	\$46,402,105
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,320,105
Soft Cost Contingency	\$500,000
Relocation	\$0
Architectural/Engineering	\$2,652,000
Const. Interest, Perm. Financing	\$5,000,774
Legal Fees	\$225,000
Reserves	\$799,714
Other Costs	\$5,130,121
Developer Fee	\$8,900,000
Commercial Costs	\$0
Total	\$74,729,819

Residential

Construction Cost Per Square Foot:	\$294
Per Unit Cost:	\$479,037
True Cash Per Unit Cost*:	\$476,473

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Bank of America: Tax-Exempt	\$35,814,917	CalFHA	\$10,011,000
Bank of America: Taxable	\$6,001,379	CalFHA: MIP	\$4,000,000
HCD: IIG	\$6,478,807	HCD: IIG	\$6,478,807
City of Merced	\$4,190,462	City of Merced	\$4,190,462
City of Merced: Grant	\$2,309,538	City of Merced: Grant	\$2,309,538
Deferred Reserves	\$799,713	General Partner Equity	\$6,400,000
Deferred Developer Fee	\$8,900,000	Deferred Developer Fee	\$400,000
Tax Credit Equity	\$10,235,003	Tax Credit Equity	\$40,940,012
		TOTAL	\$74,729,819

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$68,425,355
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$88,952,962
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,558,118
Total State Credit:	\$9,238,568
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,900,000
Investor/Consultant:	The Richman Group Affordable Housing Corporation
Federal Tax Credit Factor:	\$0.92991
State Tax Credit Factor:	\$0.85000

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).