

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
December 11, 2024**

Maison's Sierra - Phase 2, located at West Avenue H-2 and Schamise Street in Lancaster on a 12.5 acre site, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$25,500,000 of tax-exempt bond cap to finance the new construction of 171 units of housing, consisting of 169 restricted rental units and 2 unrestricted manager's units. The project will have 132 one-bedroom units, and 39 two-bedroom units, serving tenants with rents affordable to households earning 30%-70% of area median income (AMI). The construction is expected to begin in June 2025 and be completed in June 2027. The project will be developed by Ravello Holdings, Inc. and will be located in Senate District 21 and Assembly District 39.

Project Number CA-24-624

Project Name Maison's Sierra - Phase 2
Site Address: West Avenue H-2 and Schamise Street
Lancaster, CA 93534
County: Los Angeles
Census Tract: 9008.04

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$0

Tax-Exempt Bond Allocation
Recommended: \$25,500,000

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Maison's Sierra Phase 2, LP
Contact: Phil Ram
Address: 2007 Cedar Avenue
Manhattan Beach, CA 90266
Phone: 310-979-3210
Email: pram@ravelloholdings.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Municipal Finance Authority
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Merchant Capital, L.L.C.

Development Team
General Partner(s) or Principal Owner(s): Ravello MODs Sierra Phase 2, LLC
AHA High Desert II 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: CONAM Management Corporation

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	171
Total # of Units:	171
No. / % of Low Income Units:	169 100.00%
Average Targeted Affordability:	57.48%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt

Information

Housing Type:	Non-Targeted
Geographic Area:	Balance of Los Angeles County
State Ceiling Pool:	New Construction
Set Aside:	N/A
CDLAC Project Analyst:	Erin Deblaquiere
CTCAC Project Analyst:	Jacob Couch

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	17	10%
50% AMI:	26	15%
60% AMI:	51	30%
70% AMI*:	75	44%

*CTCAC restricted only

Unit Mix

132 1-Bedroom Units
39 2-Bedroom Units
<u>171 Total Units</u>

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
14 1 Bedroom	30%	\$780
19 1 Bedroom	50%	\$1,178
44 1 Bedroom	60%	\$1,560
38 1 Bedroom	70%	\$1,700
17 1 Bedroom	70%	\$1,820
3 2 Bedrooms	30%	\$936
7 2 Bedrooms	50%	\$1,326
7 2 Bedrooms	60%	\$1,872
15 2 Bedrooms	70%	\$2,000
5 2 Bedrooms	70%	\$2,184
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,243,479
Construction Costs	\$31,925,003
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,583,408
Soft Cost Contingency	\$506,500
Relocation	\$0
Architectural/Engineering	\$1,250,000
Const. Interest, Perm. Financing	\$4,917,500
Legal Fees	\$320,000
Reserves	\$591,560
Other Costs	\$3,140,000
Developer Fee	\$6,150,000
Commercial Costs	\$0
Total	\$52,627,450

Residential

Construction Cost Per Square Foot:	\$241
Per Unit Cost:	\$307,763
Estimated Hard Per Unit Cost:	\$159,848
True Cash Per Unit Cost*:	\$287,325
Bond Allocation Per Unit:	\$149,123
Bond Allocation Per Restricted Rental Unit:	\$271,277

Construction Financing

Source	Amount
Merchants Capital: Tax-Exempt	\$25,500,000
Merchants Capital: Taxable	\$8,115,940
Merchants Capital: Recycled Tax-Exempt	\$4,300,000
Deferred Costs	\$4,086,510
Tax Credit Equity	\$10,625,000

Permanent Financing

Source	Amount
Merchants Capital: Tax-Exempt	\$23,500,000
Merchants Capital: Taxable	\$4,000,000
Deferred Developer Fee	\$3,494,950
Solar Tax Credit Equity	\$382,500
Tax Credit Equity	\$21,250,000
TOTAL	\$52,627,450

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$48,181,921
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$62,636,497
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,150,000
Federal 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.

CTCAC Significant Information / Additional Conditions

This Project's annual per unit operating expense total is below the CTCAC published per unit operating minimums of \$6,090. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of \$5,520 on agreement of the permanent lender and equity investor.

CDLAC Analyst Comments: 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).

Point Criteria	New Const. Max. Points	Rehabilitation Max. Points	Points Scored
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	9
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	119

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

Tie Breaker: 130.582%