

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

Kensington Apartments, located at Washington Avenue and Magnolia Street in Murrieta on a 4.7 acre site, requested and is being recommended for a reservation of \$2,559,831 in annual federal tax credits and \$28,500,000 of tax-exempt bond cap to finance the new construction of 126 units of housing, consisting of 125 restricted rental units and 1 unrestricted manager's unit. The project will have 48 one-bedroom units, 42 two-bedroom units, and 36 three-bedroom units, serving families with rents affordable to households earning 30%-80% 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 Pacific West Communities, Inc. and will be located in Senate District 32 and Assembly District 71.

**Project Number** CA-24-700

**Project Name** Kensington Apartments  
Site Address: Washington Avenue and Magnolia Street  
Murrieta, CA 92562  
County: Riverside  
Census Tract: 506.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,559,831	\$0
Recommended:	\$2,559,831	\$0

**Tax-Exempt Bond Allocation**  
Recommended: \$28,500,000

**CTCAC Applicant Information**  
CTCAC Applicant/CDLAC Sponsor: Murrieta Pacific Associates, a California Limited Partnership  
Contact: Caleb Roope  
Address: 430 East State Street, Suite 100  
Eagle, ID 83616  
Phone: 208.461.0022  
Email: calebr@tpchousing.com

**Bond Financing Information**  
CDLAC Applicant/Bond Issuer: California Municipal Finance Authority (CMFA)  
Bond Counsel: Orrick, Herrington & Sutcliffe LLP  
Private Placement Purchaser: Citibank, N.A.

**Development Team**

General Partner(s) or Principal Owner(s):	Central Valley Coalition for Affordable Housing TPC Holdings IX, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Central Valley Coalition for Affordable Housing The Pacific Companies
Developer:	Pacific West Communities, Inc.
Investor/Consultant:	Boston Financial
Management Agent:	ConAm Management Corporation

**Project Information**

Construction Type:	New Construction
Total # Residential Buildings:	5
Total # of Units:	126
No. / % of Low Income Units:	125          100.00%
Average Targeted Affordability:	59.93%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt

**Information**

Housing Type:	Large Family
Geographic Area:	Inland Empire Region
State Ceiling Pool:	New Construction
Set Aside:	N/A
Homeless Set Aside Units:	N/A
CDLAC Project Analyst:	Brandon Medina
CTCAC Project Analyst:	Nick White

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	29	23%
50% AMI:	32	26%
60% AMI:	5	4%
80% AMI*:	59	47%

\*CTCAC restricted only

**Unit Mix**

48 1-Bedroom Units
42 2-Bedroom Units
36 3-Bedroom Units
<hr/> 126 Total Units

<b>Unit Type &amp; Number</b>	<b>2024 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
20 1 Bedroom	30%	\$576
24 1 Bedroom	50%	\$961
3 1 Bedroom	60%	\$1,153
1 1 Bedroom	80%	\$1,538
8 2 Bedrooms	30%	\$691
7 2 Bedrooms	50%	\$1,152
1 2 Bedrooms	60%	\$1,383
25 2 Bedrooms	80%	\$1,844
1 3 Bedrooms	30%	\$799
1 3 Bedrooms	50%	\$1,332
1 3 Bedrooms	60%	\$1,599
33 3 Bedrooms	80%	\$2,132
1 2 Bedrooms	Manager's Unit	\$0

#### **Project Cost Summary at Application**

Land and Acquisition	\$2,576,673
Construction Costs	\$30,959,515
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,700,000
Soft Cost Contingency	\$380,000
Relocation	\$0
Architectural/Engineering	\$790,000
Const. Interest, Perm. Financing	\$4,187,550
Legal Fees	\$160,000
Reserves	\$634,243
Other Costs	\$5,361,968
Developer Fee	\$6,528,263
Commercial Costs	\$0
<b>Total</b>	<b>\$53,278,212</b>

**Residential**

Construction Cost Per Square Foot:	\$303
Per Unit Cost:	\$422,843
Estimated Hard Per Unit Cost:	\$212,189
True Cash Per Unit Cost*:	\$387,065
Bond Allocation Per Unit:	\$226,190
Bond Allocation Per Restricted Rental Unit:	\$431,818

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
Citibank: Tax-Exempt	\$28,500,000	Citibank: Tax-Exempt	\$14,600,000
Citibank: Taxable	\$1,973,390	Bonneville: Recycled Tax-Exempt	\$8,000,000
Bonneville: Recycled Tax-Exempt	\$8,000,000	County of Riverside	\$2,900,000
County of Riverside	\$2,900,000	City of Murrieta	\$1,769,773
City of Murrieta	\$1,769,773	Fee Waiver	\$822,500
Fee Waiver	\$822,500	Deferred Developer Fee	\$3,685,509
Deferred Costs	\$634,243	Tax Credit Equity	\$21,500,430
Deferred Developer Fee	\$6,528,263	<b>TOTAL</b>	<b>\$53,278,212</b>
Tax Credit Equity	\$2,150,043		

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$49,227,519
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$63,995,775
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,559,831
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,528,263
Federal 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.

**CTCAC Significant Information / Additional Conditions**

This Project's annual per unit operating expense total is below the CTCAC published per unit operating minimums of \$4,700. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of \$4,592 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).

<b>Point Criteria</b>	<b>New Const. Max. Points</b>	<b>Rehabilitation Max. Points</b>	<b>Points Scored</b>
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	10
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
<b>Total Points</b>	120	110	120

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:** 110.645%