CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
April 8, 2025

Palm Villas at Red Bluff, located at 321 South Jackson Street in Red Bluff on a 3.0 acre site, requested and is being recommended for a reservation of $2,042,017 in annual federal tax credits and $20,858,013 of tax-exempt bond cap to finance the new construction of 61 units of housing, consisting of 60 restricted rental units and 1 unrestricted manager's unit. The project will have 12 one-bedroom units, 33 two-bedroom units, and 16 three-bedroom units, serving families with rents affordable to households earning 30%-60% of area median income (AMI). The construction is expected to begin in October 2025 and be completed in June 2027. The project will be developed by D.L. Horn and Associates, LLC and will be located in Senate District 1 and Assembly District 3.

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), Infill Infrastructure Grant (IIG), and Affordable Housing and Sustainable Communities (AHSC) programs of HCD.

Project Number	CA-25-467
Project Name	Palm Villas at Red Bluff
Site Address:	321 South Jackson Street Red Bluff, CA 96080
County:	Tehama
Census Tract:	0007.01

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,042,017	$0
Recommended:	$2,042,017	$0

Tax-Exempt Bond Allocation

Recommended:	$20,858,013

CTCAC Applicant Information

CTCAC Applicant/CDLAC Sponsor:	Red Bluff PV Partners, LP
Contact:	Reid Bradshaw
Address:	100 Pacifica, Suite 203 Irvine, CA 92618
Phone:	949-878-9399
Email:	rbradshaw@palmcommunities.com

Bond Financing Information

CDLAC Applicant/Bond Issuer:	CSCDA
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	Banner Bank

Development Team

General Partners / Principal Owners:	PC Red Bluff Developers, LLC Northern Valley Catholic Social Service, Inc.
General Partner Type:	Joint Venture
Parent Companies:	Palm Communities Northern Valley Catholic Social Service, Inc.
Developer:	D.L. Horn and Associates, LLC
Investor/Consultant:	Boston Financial
Management Agent:	Aperto Property Management, Inc.

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	3	
Total # of Units:	61	
No. / % of Low Income Units:	60	100.00%
Average Targeted Affordability:	45.00%	
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (60 Units - 100%)	

Information

Housing Type:	Large Family
Geographic Area:	Northern Region
State Ceiling Pool:	Rural
CDLAC Project Analyst:	Sarah Lester
CTCAC Project Analyst:	Marilynn Thao

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	30	50%
60% AMI:	30	50%

Unit Mix

12	1-Bedroom Units
33	2-Bedroom Units
16	3-Bedroom Units
61	Total Units

Unit Type & Number		2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
10	1 Bedroom	30%	$495
2	1 Bedroom	60%	$990
14	2 Bedrooms	30%	$594
19	2 Bedrooms	60%	$1,188
6	3 Bedrooms	30%	$685
9	3 Bedrooms	60%	$1,371
1	3 Bedrooms	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$460,000
Construction Costs	$27,221,553
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$1,368,324
Soft Cost Contingency	$500,000
Relocation	$0
Architectural/Engineering	$1,200,000
Const. Interest, Perm. Financing	$3,876,289
Legal Fees	$400,000
Reserves	$239,170
Other Costs	$1,824,604
Developer Fee	$5,122,115
Commercial Costs	$0
Total	**$42,212,055**

Residential

Construction Cost Per Square Foot:	$371
Per Unit Cost:	$692,001
Estimated Hard Per Unit Cost:	$392,090
True Cash Per Unit Cost*:	$649,015
Bond Allocation Per Unit:	$341,935
Bond Allocation Per Restricted Rental Unit:	$347,634

Construction Financing

Source	Amount
Banner Bank: Tax-Exempt	$20,858,013
Banner Bank: Taxable	$10,523,284
HCD: IIG	$3,204,790
Deferred Costs	$5,053,285
Tax Credit Equity	$2,572,683

Permanent Financing

Source	Amount
Banner Bank	$3,719,266
HCD: IIG	$3,204,790
HCD: NPLH	$2,314,665
HCD: AHSC	$13,200,000
Deferred Developer Fee	$2,622,115
Tax Credit Equity	$17,151,219
TOTAL	**$42,212,055**

*Less Donated Land, Seller Carryback Loans, Waived Fees, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	$39,269,549
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$51,050,414
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	$2,042,017
Approved Developer Fee (in Project Cost & Eligible Basis):	$5,122,115
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
Staff noted a per unit development cost of $692,002. The applicant noted this was due to a sustained spike in permanent and construction loan interest rates, contributing to carrying costs. The persistent issues in the construction supply chain, such as material shortages, increased demand, and logistical challenges have resulted in higher expenses.

Project with funding and subsidies from HUD are required to use Utility Allowances (UAs) approved by HUD. The applicant has proposed to use the CUAC for the 60 units with Project-Based Vouchers.The applicant's use of the CUAC is subject to approval by HUD.

CDLAC Analyst Comments: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions
The applicant 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: 95.782%