

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
 CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
 Project Staff Report
 Qualified Private Activity Tax-Exempt Bond Project
 December 10, 2025**

Hermosa Village Phase III, located at 1217 Lynne Avenue; 1309 Lynne Avenue; 1329 Lynne Avenue; 1513 Hampstead Street; 1525 Hampstead Street; 1543 Hampstead Street; 1614 Hampstead Street; 1619 Hampstead Street; 1620 Hampstead Street; 1630 Hampstead Street; 1624 Calle del Sol; 1630 Calle del Sol; 1607 Calle Del Mar; 1613 Calle del Mar; 1220 Cerritos Avenue; 1500 Ninth Street in Anaheim on a 3.23 acre site, requested and is being recommended for a reservation of \$1,306,690 in annual federal tax credits and \$11,893,063 of tax-exempt bond cap to finance the acquisition & rehabilitation of 112 units of housing, consisting of 112 restricted rental units. The project has 24 one-bedroom units, 53 two-bedroom units, and 35 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 May 2026 and be completed in May 2027. The project will be developed by Related Irvine Development Company, LLC and is located in Senate District 34 and Assembly District 67.

Hermosa Village Phase III is a resyndication of two existing Low Income Housing Tax Credit (LIHTC) projects, Jeffrey-Lynne Neighborhood Revitalization, Phase III (CA-2005-065) and Jeffrey-Lynne Neighborhood Revitalization, Phase IV (CA-2007-051). See Resyndication and Resyndication Transfer Event below for additional information.

Project Number CA-25-728

Project Name Hermosa Village Phase III
 Site Address: 1217 Lynne Avenue; 1309 Lynne Avenue; 1329 Lynne Avenue;
 1513 Hampstead Street; 1525 Hampstead Street; 1543 Hampstead
 Street; 1614 Hampstead Street; 1619 Hampstead Street; 1620
 Hampstead Street; 1630 Hampstead Street; 1624 Calle del Sol;
 1630 Calle del Sol; 1607 Calle Del Mar; 1613 Calle del Mar; 1220
 Cerritos Avenue; 1500 Ninth Street
 Anaheim, CA 92802
 County: Orange
 Census Tract: 0875.05

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,306,690	\$0
Recommended:	\$1,306,690	\$0

Tax-Exempt Bond Allocation
 Recommended: \$11,893,063

CTCAC Applicant Information
 CTCAC Applicant/CDLAC Sponsor: Hermosa Village Phase III Housing Partners, L.P.
 Contact: Frank Cardone
 Address: 18201 Von Karman Avenue, Suite 900
 Irvine, CA 92612
 Phone: (949) 660-7272
 Email: fcardone@related.com

Bond Financing Information

CDLAC Applicant/Bond Issuer:	California Municipal Finance Authority
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	U.S. Bank National Association

Development Team

General Partners / Principal Owners:	Related/Hermosa Village Phase III Development Co., LLC National Community Renaissance of California
General Partner Type:	Joint Venture
Parent Companies:	The Related Companies of California, LLC National Community Renaissance Corporation
Developer:	Related Irvine Development Company, LLC
Investor/Consultant:	U.S. Bancorp Community Development Corporation
Management Agent:	RA Management, LLC

Project Information

Construction Type:	Acquisition & Rehabilitation	
Total # Residential Buildings:	16	
Total # of Units:	112	
No. / % of Low Income Units:	112	100.00%
Average Targeted Affordability:	49.64%	
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt	

Information

Housing Type:	Large Family
Geographic Area:	Coastal Region
State Ceiling Pool:	Other Rehabilitation
CDLAC Project Analyst:	Amit Sarang
CTCAC Project Analyst:	Sopida Steinwert

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	12	11%
40% AMI:	12	11%
50% AMI:	56	50%
60% AMI:	32	29%

Unit Mix

24	1-Bedroom Units
53	2-Bedroom Units
35	3-Bedroom Units
112	Total Units

<u>Unit Type & Number</u>	<u>2025 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 1 Bedroom	30%	\$952
1 1 Bedroom	30%	\$952
3 1 Bedroom	40%	\$1,269
1 1 Bedroom	40%	\$1,269
2 1 Bedroom	40%	\$1,269
3 1 Bedroom	50%	\$1,586
8 1 Bedroom	50%	\$1,586
4 1 Bedroom	60%	\$1,904
4 2 Bedrooms	30%	\$1,142
2 2 Bedrooms	30%	\$1,142
1 2 Bedrooms	40%	\$1,523
1 2 Bedrooms	40%	\$1,523
1 2 Bedrooms	40%	\$1,523
1 2 Bedrooms	40%	\$1,523
1 2 Bedrooms	50%	\$1,903
4 2 Bedrooms	50%	\$1,903
4 2 Bedrooms	50%	\$1,903
11 2 Bedrooms	50%	\$1,903
8 2 Bedrooms	50%	\$1,903
4 2 Bedrooms	50%	\$1,903
2 2 Bedrooms	60%	\$2,284
8 2 Bedrooms	60%	\$2,284
1 2 Bedrooms	60%	\$2,284
1 3 Bedrooms	30%	\$1,320
2 3 Bedrooms	30%	\$1,320
2 3 Bedrooms	40%	\$1,760
1 3 Bedrooms	50%	\$2,200
12 3 Bedrooms	50%	\$2,200
3 3 Bedrooms	60%	\$2,640
3 3 Bedrooms	60%	\$2,640
5 3 Bedrooms	60%	\$2,640
6 3 Bedrooms	60%	\$2,640

Project Cost Summary at Application

Land and Acquisition	\$24,140,341
Construction Costs	\$0
Rehabilitation Costs	\$10,000,000
Construction Hard Cost Contingency	\$1,000,000
Soft Cost Contingency	\$322,000
Relocation	\$1,400,000
Architectural/Engineering	\$1,829,000
Const. Interest, Perm. Financing	\$2,750,735
Legal Fees	\$241,000
Reserves	\$780,922
Other Costs	\$697,000
Developer Fee	\$3,000,000
Commercial Costs	\$0
Total	\$46,160,998

Residential

Construction Cost Per Square Foot:	\$110
Per Unit Cost:	\$412,152
Estimated Hard Per Unit Cost:	\$74,542
True Cash Per Unit Cost*:	\$404,527
Bond Allocation Per Unit:	\$106,188
Bond Allocation Per Restricted Rental Unit:	\$106,188

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
U.S. Bank: Tax-Exempt	\$11,893,063	U.S. Bank	\$11,746,000
U.S. Bank: Recycled Tax-Exempt	\$3,800,000	COA ¹ : Assumed Debt	\$18,793,383
U.S. Bank: Taxable	\$6,377,117	COA ¹ : Accrued Interest	\$831,735
COA ¹ : Assumed Debt	\$18,793,383	COA ¹ : Ground Lease	\$2,000,000
COA ¹ : Accrued Interest	\$831,735	Acquired Reserve	\$240,922
Acquired Reserve	\$240,922	Net Operating Income	\$850,410
Deferred Monitoring Fee	\$46,000	Deferred Developer Fee	\$854,000
Net Operating Income	\$850,410	General Partner Equity	\$100
Deferred Operating Reserve	\$540,000	Tax Credit Equity	\$10,844,448
Deferred Developer Fee	\$1,927,000	TOTAL	\$46,160,998
General Partner Equity	\$100		
Tax Credit Equity	\$861,268		

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

¹City of Anaheim

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$8,773,485
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$23,893,781
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$8,773,485
Qualified Basis (Acquisition):	\$23,893,781
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$350,939
Maximum Annual Federal Credit, Acquisition:	\$955,751
Total Maximum Annual Federal Credit:	\$1,306,690
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,000,000
Federal Tax Credit Factor:	\$0.82992

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

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-25-728 must be completed as part of the Readiness to Proceed 180/194-Day package.

Hermosa Village Phase III is an acquisition and rehabilitation project of the existing Hermosa Village Phase III and Hermosa Village Phase IV into a single project. Hermosa Village Phase III includes 112 units in 16 existing properties located on 16 parcels in the city of Anaheim. The properties will retain their three existing sets of utility allowances.

Per CTCAC Regulation Section 10325(f)(7)(J), in lieu of one (1) on-site property manager, the project has committed to employ an equivalent number of on-site full-time property management staff and provide an equivalent number of desk or security staff capable of responding to emergencies for the hours when property management staff is not working. All staff or contractors performing desk or security work shall be knowledgeable of how the property's fire system operates and be trained in, and have participated in, fire evacuation drills for tenants. CTCAC reserves the right to require that one or more on-site managers' units be provided and occupied by property management staff if, in its sole discretion, it determines as part of any on-site inspection that the project has not been adequately operated and/or maintained.

CDLAC Analyst Comments: None.

Resyndication and Resyndication Transfer Event

Prior to closing, the applicant or its assignee shall obtain CTCAC's consent to assign and assume the existing Regulatory Agreements (CA-2005-065 and CA-2007-051). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s).

Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreements (CA-2005-065 and CA-2007-051) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on CTCAC staff's review of the commitment in the application. The services documented in the placed in service package will be reviewed by CTCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a resyndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from setting aside a Short Term Work Capitalized Replacement Reserve that is otherwise required.

Standard Conditions

The applicant shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 25% 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	20
New Construction Density and Local Incentives	10	0	0
Exceeding Minimum Income Restrictions	20	20	0
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	0
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	0
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	110

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: 383.727%