

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Qualified Private Activity Tax-Exempt Bond Project**  
**September 1, 2026**

The project, 125 Bethany, located at 125 Bethany Drive in Scotts Valley on a 1.32 acre site, requested and is being recommended for a reservation of \$3,530,439 in annual federal tax credits, \$12,500,000 in total state tax credits, and \$21,287,300 of tax-exempt bond cap to finance the new construction of 96 units of housing, consisting of 95 restricted rental units and 1 unrestricted manager's unit. The project will have 34 two-bedroom units, and 62 three-bedroom units, serving families with rents affordable to households earning 30%-70% of area median income (AMI). The construction is expected to begin in January 2027 and be completed in January 2029. The project will be developed by Elsey Affordable Developers, LLC and will be located in Senate District 17 and Assembly District 28.

|                       |                                              |
|-----------------------|----------------------------------------------|
| <b>Project Number</b> | CA-26-626                                    |
| <b>Project Name</b>   | 125 Bethany                                  |
| Site Address:         | 125 Bethany Drive<br>Scotts Valley, CA 95066 |
| County:               | Santa Cruz                                   |
| Census Tract:         | 1209.02                                      |

|                           |                       |                    |
|---------------------------|-----------------------|--------------------|
| <b>Tax Credit Amounts</b> | <b>Federal/Annual</b> | <b>State/Total</b> |
| Requested:                | \$3,530,439           | \$12,500,000       |
| Recommended:              | \$3,530,439           | \$12,500,000       |

|                                   |              |
|-----------------------------------|--------------|
| <b>Tax-Exempt Bond Allocation</b> |              |
| Recommended:                      | \$21,287,300 |

|                                    |                                                    |
|------------------------------------|----------------------------------------------------|
| <b>CTCAC Applicant Information</b> |                                                    |
| CTCAC Applicant/CDLAC Sponsor:     | 125 Bethany Affordable, L.P.                       |
| Contact:                           | Marc Welk                                          |
| Address:                           | 2021 Vanesta Place- Suite A<br>Manhattan, KS 66503 |
| Phone:                             | 619-890-9355                                       |
| Email:                             | marc@theprimecompany.com                           |

|                                   |                                    |
|-----------------------------------|------------------------------------|
| <b>Bond Financing Information</b> |                                    |
| CDLAC Applicant/Bond Issuer:      | California Housing Finance Agency  |
| Bond Counsel:                     | Orrick, Harrington & Sutcliffe LLP |
| Private Placement Purchaser:      | Citibank, N.A.                     |

|                                      |                                                                                              |
|--------------------------------------|----------------------------------------------------------------------------------------------|
| <b>Development Team</b>              |                                                                                              |
| General Partners / Principal Owners: | Community Revitalization and Development Corporation<br>125 Bethany LLC                      |
| General Partner Type:                | Joint Venture                                                                                |
| Parent Companies:                    | Community Revitalization and Development Corporation<br>Elsey Holdings DBA The Prime Company |
| Developer:                           | Elsey Affordable Developers, LLC                                                             |
| Investor/Consultant:                 | Redstone Equity Partners                                                                     |
| Management Agent:                    | FPI Management Inc                                                                           |

**Project Information**

|                                 |                        |
|---------------------------------|------------------------|
| Construction Type:              | New Construction       |
| Total # Residential Buildings:  | 2                      |
| Total # of Units:               | 96                     |
| No. / % of Low Income Units:    | 95 100.00%             |
| Average Targeted Affordability: | 59.89%                 |
| Federal Set-Aside Elected:      | 40%/60% Average Income |
| Federal Subsidy:                | Tax-Exempt             |

**Information**

|                     |                 |
|---------------------|-----------------|
| Housing Type:       | Large Family    |
| Geographic Area:    | Bay Area Region |
| State Ceiling Pool: | Rural           |
| Project Analyst:    | Anthony Wey     |

**55-Year Use / Affordability**

| <b>Aggregate Targeting</b> | <b>Number of Units</b> | <b>Percentage of Affordable Units</b> |
|----------------------------|------------------------|---------------------------------------|
| 30% AMI:                   | 11                     | 12%                                   |
| 50% AMI:                   | 11                     | 12%                                   |
| 60% AMI:                   | 30                     | 32%                                   |
| 70% AMI*:                  | 43                     | 45%                                   |

\*CTCAC restricted only

**Unit Mix**

|    |                 |
|----|-----------------|
| 34 | 2-Bedroom Units |
| 62 | 3-Bedroom Units |
| 96 | Total Units     |

| <b>Unit Type &amp; Number</b> | <b>2025 Rents Targeted % of Area Median Income</b> | <b>Proposed Rent (including utilities)</b> |
|-------------------------------|----------------------------------------------------|--------------------------------------------|
| 4 2 Bedrooms                  | 30%                                                | \$1,335                                    |
| 4 2 Bedrooms                  | 50%                                                | \$2,225                                    |
| 12 2 Bedrooms                 | 60%                                                | \$2,670                                    |
| 14 2 Bedrooms                 | 70%                                                | \$3,115                                    |
| 7 3 Bedrooms                  | 30%                                                | \$1,542                                    |
| 7 3 Bedrooms                  | 50%                                                | \$2,571                                    |
| 18 3 Bedrooms                 | 60%                                                | \$3,085                                    |
| 29 3 Bedrooms                 | 70%                                                | \$3,599                                    |
| 1 3 Bedrooms                  | Manager's Unit                                     | \$0                                        |

**Project Cost Summary at Application**

|                                    |                     |
|------------------------------------|---------------------|
| Land and Acquisition               | \$6,350,000         |
| Construction Costs                 | \$44,652,524        |
| Rehabilitation Costs               | \$0                 |
| Construction Hard Cost Contingency | \$2,275,126         |
| Soft Cost Contingency              | \$448,870           |
| Relocation                         | \$0                 |
| Architectural/Engineering          | \$2,250,000         |
| Const. Interest, Perm. Financing   | \$7,323,945         |
| Legal Fees                         | \$332,700           |
| Reserves                           | \$1,321,964         |
| Other Costs                        | \$3,733,704         |
| Developer Fee                      | \$8,855,617         |
| Commercial Costs                   | \$0                 |
| <b>Total</b>                       | <b>\$77,544,450</b> |

**Residential**

|                                             |           |
|---------------------------------------------|-----------|
| Construction Cost Per Square Foot:          | \$315     |
| Per Unit Cost:                              | \$807,755 |
| Estimated Hard Per Unit Cost:               | \$399,050 |
| True Cash Per Unit Cost*:                   | \$726,747 |
| Bond Allocation Per Unit:                   | \$221,743 |
| Bond Allocation Per Restricted Rental Unit: | \$409,371 |

**Construction Financing**

| Source                        | Amount       |
|-------------------------------|--------------|
| Citibank: Tax-Exempt          | \$21,287,300 |
| Citibank: Recycled Tax-Exempt | \$7,702,700  |
| Citibank: Taxable             | \$29,226,330 |
| Deferred Costs                | \$9,133,690  |
| Tax Credit Equity             | \$10,194,430 |

**Permanent Financing**

| Source                 | Amount              |
|------------------------|---------------------|
| Citibank               | \$28,990,000        |
| Deferred Developer Fee | \$7,776,725         |
| Tax Credit Equity      | \$40,777,725        |
| <b>TOTAL</b>           | <b>\$77,544,450</b> |

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

**Determination of Credit Amount(s)**

|                                                            |              |
|------------------------------------------------------------|--------------|
| Requested Eligible Basis:                                  | \$67,893,061 |
| 130% High Cost Adjustment:                                 | Yes          |
| Applicable Fraction:                                       | 100.00%      |
| Qualified Basis:                                           | \$88,260,979 |
| Applicable Rate:                                           | 4.00%        |
| Total Maximum Annual Federal Credit:                       | \$3,530,439  |
| Total State Credit:                                        | \$12,500,000 |
| Approved Developer Fee (in Project Cost & Eligible Basis): | \$8,855,617  |
| Federal Tax Credit Factor:                                 | \$0.83992    |
| State Tax Credit Factor:                                   | \$0.89000    |

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**

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 and the terms of the bond and tax credit award as presented in the application and summarized in this staff report. CTCAC will verify the project complied with all terms of the award at placed-in-service review.

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).

**CA-26-626 / 125 Bethany**

| Points System                                                               | Max. Possible Points |            | Points Requested | Points Awarded |
|-----------------------------------------------------------------------------|----------------------|------------|------------------|----------------|
|                                                                             | New Const.           | Rehab.     |                  |                |
| <b>Acquisition/Rehabilitation Project Priorities</b>                        | <b>0</b>             | <b>20</b>  | <b>0</b>         | <b>0</b>       |
| <b>New Construction Density and Local Incentives</b>                        | <b>10</b>            | <b>0</b>   | <b>10</b>        | <b>10</b>      |
| Project density is at least 100 bedrooms/net acre                           | 10                   | 0          | 10               | 10             |
| <b>Exceeding Minimum Income Restrictions</b>                                | <b>20</b>            | <b>20</b>  | <b>20</b>        | <b>20</b>      |
| Tax Credit Units: 10% @ <=30% AMI & 10% @ <=50% AMI                         | 20                   | 20         | 20               | 20             |
| <b>Exceeding Minimum Rent Restrictions</b>                                  | <b>10</b>            | <b>10</b>  | <b>10</b>        | <b>10</b>      |
| Average targeted affordability is 18% below market comparables              | 10                   | 10         | 10               | 10             |
| <b>General Partner &amp; Management Company</b>                             | <b>10</b>            | <b>10</b>  | <b>10</b>        | <b>10</b>      |
| General Partner Experience                                                  | 7                    | 7          | 7                | 7              |
| Management Company Experience                                               | 3                    | 3          | 3                | 3              |
| <b>Housing Needs</b>                                                        | <b>10</b>            | <b>0</b>   | <b>10</b>        | <b>10</b>      |
| <b>Readiness to Proceed</b>                                                 | <b>10</b>            | <b>10</b>  | <b>10</b>        | <b>10</b>      |
| <b>Access to Opportunity</b>                                                | <b>10</b>            | <b>0</b>   | <b>10</b>        | <b>10</b>      |
| High or Highest Resource Area; 10% @ 30% AMI, 10% @ 50% AMI                 | 10                   | 0          | 10               | 10             |
| <b>Service Amenities</b>                                                    | <b>10</b>            | <b>10</b>  | <b>10</b>        | <b>10</b>      |
| <b>LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES; NON-TARGETED</b>            |                      |            |                  |                |
| Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction   | 7                    | 7          | 7                | 7              |
| Health & wellness services and programs, minimum 60 hrs per 100 bdrms       | 3                    | 3          | 3                | 3              |
| <b>Cost Containment</b>                                                     | <b>12</b>            | <b>12</b>  | <b>12</b>        | <b>12</b>      |
| Project eligible basis is 87% less than the CDLAC adjusted TBL; 2 pts per % | 12                   | 12         | 12               | 12             |
| <b>Site Amenities</b>                                                       | <b>10</b>            | <b>10</b>  | <b>10</b>        | <b>10</b>      |
| Within ½ mile of transit station or public bus stop                         | 4                    | 4          | 4                | 4              |
| Within 1 mile of public park or community center open to general public     | 3                    | 3          | 3                | 3              |
| Within 1 mile of a neighborhood market of at least 5,000 sf                 | 3                    | 3          | 3                | 0              |
| Within ¼ mile of a public elementary school                                 | 3                    | 3          | 3                | 3              |
| Within 1 mile of medical clinic or hospital                                 | 3                    | 3          | 3                | 3              |
| Within 1 mile of a pharmacy                                                 | 2                    | 2          | 2                | 2              |
| Highest or High Resource Area                                               | 3                    | 0          | 3                | 3              |
| <b>Total Points</b>                                                         | <b>112</b>           | <b>102</b> | <b>112</b>       | <b>112</b>     |

**Tie Breaker:**

175.905%