

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2026 Second Round

October 6, 2026

Tres Lagos Apartments Phase III, located at 23385 Catt Road in Wildomar, requested and is being recommended for a reservation of \$2,650,081 in annual federal tax credits to finance the new construction of 48 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by D.L. Horn & Associates LLC and will be located in Senate District 32 and Assembly District 71.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-26-061

Project Name Tres Lagos Apartments Phase III
Site Address: 23385 Catt Road
Wildomar, CA 92595
County: Riverside
Census Tract: 0432.70

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,650,081	\$0
Recommended:	\$2,650,081	\$0

Applicant Information

Applicant: Palm Communities or Assignee
Contact: Danavon L. Horn
Address: 7515 Irvine Center Drive, Suite 140
Irvine, CA 92618
Phone: 949-878-9399
Email: dhorn@palmcommunities.com

General Partners / Principal Owners: PC Wildomar Developers III LLC
Las Palmas Housing and Development Corporation
General Partner Type: Joint Venture
Parent Companies: Palm Companies LLC
Las Palmas Housing and Development Corporation
Developer: D.L. Horn & Associates LLC
Investor/Consultant: Hunt Capital Partners, LLC
Management Agent: Aperto Property Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 2
Total # of Units: 48
No. & % of Tax Credit Units: 48 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (12 Units - 25%)

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Inland Empire Region
CTCAC Project Analyst: Mena Barase

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percent of Required Affordable Units
At or Below 30% AMI:	15	30%
At or Below 50% AMI:	5	10%
At or Below 60% AMI:	28	55%

Unit Mix

6	1-Bedroom Units
30	2-Bedroom Units
12	3-Bedroom Units
48	Total Units

Unit Type & Number	2026 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
3 1 Bedroom	30%	\$629
3 1 Bedroom	60%	\$1,259
10 2 Bedrooms	30%	\$755
5 2 Bedrooms	50%	\$1,258
4 2 Bedrooms	55%	\$1,258
11 2 Bedrooms	60%	\$1,510
2 3 Bedrooms	30%	\$873
10 3 Bedrooms	60%	\$1,678

Project Cost Summary at Application

Land and Acquisition	\$1,481,533
Construction Costs	\$19,786,288
Rehabilitation Costs	\$0
Construction Contingency	\$1,482,722
Relocation	\$0
Architectural/Engineering	\$653,642
Const. Interest, Perm. Financing	\$2,570,569
Legal Fees	\$0
Reserves	\$212,840
Other Costs	\$2,721,472
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$31,409,066

Residential

Construction Cost Per Square Foot:	\$508
Per Unit Cost:	\$654,356
True Cash Per Unit Cost*:	\$625,259

Construction Financing

Source	Amount
Citibank	\$22,618,209
HACR ¹ : Seller Carryback	\$1,396,618
Deferred Developer Fee	\$4,034,575
Tax Credit Equity	\$3,359,664

Permanent Financing

Source	Amount
Citibank	\$7,614,688
HACR ¹ : Seller Carryback	\$1,396,618
HACR ¹	\$1,200,000
Tax Credit Equity	\$21,197,760
TOTAL	\$31,409,066

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

¹Housing Authority County of Riverside

Determination of Credit Amount(s)

Requested Eligible Basis:	\$22,650,267
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$29,445,347
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,650,081
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Federal Tax Credit Factor:	\$0.79989

The "as if vacant" land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	Large Family
Self-Score Final:	38.790%
CTCAC Final:	38.596%

Significant Information / Additional Conditions

Projects with funding and/or subsidies from HUD are required to use Utility Allowances (UAs) approved by HUD. The applicant's use of the CUAC for Tres Lagos Apartments Phase III (CA-26-061) is subject to approval by HUD.

Tres Lagos Apartments Phase III is part of the larger 225-unit Tres Lagos affordable housing development. All lot line adjustments must be completed by Placed-in-Service where only the property the tax credit project covers shall be recorded in the regulatory agreement.

This project is Phase III of Tres Lagos Apartments, Phase I (CA-22-557) and Phase II (CA-23-487). All phases will share community facilities and be managed by an onsite property manager located in Phase I and an assistant manager located in Phase II. Prior to the start of construction, all necessary agreements shall be in place to ensure that Phase III has sufficient property management and access to the required community spaces. The Joint Use Agreement shall be provided in the placed in service submission.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within 1/3 mile of transit station or public bus stop	4	4	4
Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 3/4 mile of a public elementary school	2	2	2
Within 1/2 mile of medical clinic or hospital	3	3	0
Highest or High Resource Area	8	8	8
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
After school program for school age children, minimum of 6 hours/week	3	3	3
SPECIAL NEEDS, SRO HOUSING TYPES			
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.