

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
August 6, 2024**

Wildomar Cottages, located at 32650 Mesa Drive in Wildomar on a 8.98 acre site, requested and is being recommended for a reservation of \$3,874,336 in annual federal tax credits and \$20,132,669 in total state tax credits and \$38,620,493 of tax-exempt bond cap to finance the new construction of 130 units of housing, consisting of 128 restricted rental units, and 2 unrestricted manager's units. The project will have 36 two-bedroom units, 63 three-bedroom units, and 31 four-bedroom units, serving families with rents affordable to households earning 30%-70% of area median income (AMI). The building will be type V-B construction. Common amenities include large community room, laundry facilities, parcel lockers, and computer room. Each unit will have refrigerator, range/oven, and dishwasher. The construction is expected to begin in December 2024 and be completed in December 2026. The project will be developed by Affirmed Housing Group, Inc. 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-24-434

Project Name Wildomar Cottages
Site Address: 32650 Mesa Drive
Wildomar, CA 92530
County: Riverside
Census Tract: 464.04

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,874,336	\$20,132,669
Recommended:	\$3,874,336	\$20,132,669

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Tax-Exempt Bond Allocation
Recommended: \$38,620,493

CTCAC Applicant Information

CTCAC Applicant / CDLAC Sponsor:	Compass for Affordable Housing
Applicant for State Credits:	Compass for Affordable Housing
Contact:	Robin Martinez
Address:	13520 Evening Creek Dr. N. Suite 560 San Diego, CA 92128
Phone:	(858) 679-2463
Email:	robin@compassfah.org

Bond Financing Information

CDLAC Applicant/Bond Issuer:	California Housing Finance Agency
Bond Counsel:	Jones Hall, A Professional Law Corporation
Private Placement Purchaser:	Citibank, N.A.

Development Team

General Partner(s) or Principal Owner(s):	AHG Wildomar LLC CFAH Housing, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Affirmed Housing Group, Inc. Compass for Affordable Housing
Developer:	Affirmed Housing Group, Inc.
Investor/Consultant:	WNC, Inc.
Management Agent:	Solari Enterprises

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	13	
Total # of Units:	130	
No. / % of Low Income Units:	128	100.00%
Average Targeted Affordability:	53.76%	
Federal Set-Aside Elected:	40%/60% Average Income	
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (32 Units - 25%)	

Information

Housing Type:	Large Family
Geographic Area:	Inland Empire Region
State Ceiling Pool:	Rural
Set Aside:	N/A
CDLAC Project Analyst:	Jake Salle
CTCAC Project Analyst:	Dianne Myers

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	32	25%
50% AMI:	40	31%
70% AMI*:	56	44%

*CTCAC restricted only

Unit Mix

36 2-Bedroom Units
63 3-Bedroom Units
<u>31 4-Bedroom Units</u>
130 Total Units

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
10 2 Bedrooms	30%	\$629
26 2 Bedrooms	50%	\$1,048
11 3 Bedrooms	30%	\$727
12 3 Bedrooms	50%	\$1,211
38 3 Bedrooms	70%	\$1,696
11 4 Bedrooms	30%	\$811
2 4 Bedrooms	50%	\$1,352
18 4 Bedrooms	70%	\$1,893
2 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,420,000
Construction Costs	\$47,300,000
Construction Hard Cost Contingency	\$2,365,000
Soft Cost Contingency	\$797,103
Architectural/Engineering	\$2,900,000
Const. Interest, Perm. Financing	\$8,295,641
Legal Fees	\$332,000
Reserves	\$593,000
Other Costs	\$4,414,429
Developer Fee	<u>\$9,718,233</u>
Total	\$79,135,406

Residential

Construction Cost Per Square Foot:	\$318
Per Unit Cost:	\$608,734
Estimated Hard Per Unit Cost:	\$321,633
True Cash Per Unit Cost*:	\$564,025
Bond Allocation Per Unit:	\$297,081
Bond Allocation Per Restricted Rental Unit:	\$536,396

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank: Tax-Exempt	\$38,620,493	Citibank	\$18,765,718
Citibank: Taxable	\$23,142,874	Deferred Developer Fee	\$5,812,156
Tax Credit Equity	\$17,372,039	Tax Credit Equity	\$54,557,532
		TOTAL	\$79,135,406

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$74,506,457
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$96,858,394
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,874,336
Total State Credit:	\$20,132,669
Approved Developer Fee (in Project Cost & Eligible Basis):	\$9,718,233
Investor/Consultant:	WNC, Inc.
Federal Tax Credit Factor:	\$0.94050
State Tax Credit Factor:	\$0.90000

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: None.

CDLAC Analyst Comments

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

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

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	Rehabilitati on 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	10
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	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: 83.630%