

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

The Pardes 2, located at 8335 Tarak Drive in Elk Grove on a 3.95 acre site, requested and is being recommended for a reservation of \$3,567,918 in annual federal tax credits and \$20,584,139 in total state tax credits and \$35,462,141 of tax-exempt bond cap to finance the new construction of 140 units of housing, consisting of 139 restricted rental units, and 1 unrestricted manager's unit. The project will have 42 one-bedroom units, 48 two-bedroom units, and 50 three-bedroom units, serving families with rents affordable to households earning 30%-70% of area median income (AMI). This project will consist of two 3-and 4-story walk-up Type VA, wood framed over concrete slab constructed buildings. Common amenities include a multipurpose room, computer rooms, laundry rooms and bike storage. There will be 190 surface parking spaces (1.35 spaces per unit). Van, handicapped, EV, motorcycles and bicycle parking spaces will be provided to conform to government code and building code requirements. Each unit will include blinds, carpeting and vinyl flooring, coat closets, ceiling fan, and central heating and air conditioning. Appliances will include a refrigerator, range/oven, garbage disposal and dishwasher. The construction is expected to begin in November 2024 and be completed in August 2026. The project will be developed by CRP Affordable Housing and Community Development LLC and will be located in Senate District 8 and Assembly District 10.

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

Project Number CA-24-441

Project Name The Pardes 2
 Site Address: 8335 Tarak Drive
 Elk Grove, CA 95757
 County: Sacramento
 Census Tract: 96.52

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,567,918	\$20,584,139
Recommended:	\$3,567,918	\$20,584,139

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

Tax-Exempt Bond Allocation
 Recommended: \$35,462,141

CTCAC Applicant Information
 CTCAC Applicant / CDLAC Sponsor: CRP The Pardes 2 LP
 Applicant for State Credits: Bold Pardes II LLC
 Contact: Michael Miller
 Address: 4915 Gambier Street
 Los Angeles, CA 90032
 Phone: 650-464-1319
 Email: mike@boldcommunities.org

Bond Financing Information
 CDLAC Applicant/Bond Issuer: California Housing Finance Agency
 Bond Counsel: Orrick, Herrington & Sutcliffe LLP
 Private Placement Purchaser: Citibank, N.A.

Development Team

General Partner(s) or Principal Owner(s): CRP The Pardes 2 AGP LLC
 Enright Pardes, LLC
 Bold Pardes II LLC

General Partner Type: Joint Venture

Parent Company(ies): CRP The Pardes 2 AGP LLC
 Enright Pardes, LLC
 Bold Communities

Developer: CRP Affordable Housing and Community Development LLC

Investor/Consultant: CREA LLC

Management Agent: John Stewart Company

Project Information

Construction Type: New Construction

Total # Residential Buildings: 2

Total # of Units: 140

No. / % of Low Income Units: 139 100.00%

Average Targeted Affordability: 56.19%

Federal Set-Aside Elected: 40%/60% Average Income

Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (8 Units - 6%)

Information

Housing Type: Large Family

Geographic Area: Capital Region

State Ceiling Pool: BIPOC

CDLAC Project Analyst: Sarah Lester

CTCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	42	30%
60% AMI:	24	17%
70% AMI*:	73	53%

*CTCAC restricted only

Unit Mix

42 1-Bedroom Units
 48 2-Bedroom Units
 50 3-Bedroom Units

 140 Total Units

Unit Type & Number	2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
14 1 Bedroom	30%	\$603
8 1 Bedroom	60%	\$1,206
20 1 Bedroom	70%	\$1,407
10 2 Bedrooms	30%	\$724
4 2 Bedrooms	30%	\$724
8 2 Bedrooms	60%	\$1,447
26 2 Bedrooms	70%	\$1,688
10 3 Bedrooms	30%	\$836
4 3 Bedrooms	30%	\$836
8 3 Bedrooms	60%	\$1,672
27 3 Bedrooms	70%	\$1,950
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,957,627
Construction Costs	\$41,300,000
Construction Hard Cost Contingency	\$2,065,000
Soft Cost Contingency	\$647,840
Architectural/Engineering	\$1,727,000
Const. Interest, Perm. Financing	\$6,051,581
Legal Fees	\$250,000
Reserves	\$676,887
Other Costs	\$10,189,581
Developer Fee	\$8,949,626
Total	\$73,815,142

Residential

Construction Cost Per Square Foot:	\$219
Per Unit Cost:	\$527,251
Estimated Hard Per Unit Cost:	\$251,402
True Cash Per Unit Cost*:	\$481,776
Bond Allocation Per Unit:	\$253,301
Bond Allocation Per Restricted Rental Unit:	\$537,305

Construction Financing

Source	Amount
Citibank: Tax-Exempt	\$35,462,141
Citibank: Recycled Tax-Exempt	\$6,000,000
Citibank: Taxable	\$15,142,503
Deferred Costs	\$9,183,486
Tax Credit Equity	\$8,027,012

Permanent Financing

Source	Amount
Citibank: Tax-Exempt	\$16,197,385
Deferred Developer Fee	\$6,366,461
Tax Credit Equity	\$51,251,296
TOTAL	\$73,815,142

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$68,613,798
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$89,197,938
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,567,918
Total State Credit:	\$20,584,139
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,949,626
Investor/Consultant:	CREA LLC
Federal Tax Credit Factor:	\$0.89991
State Tax Credit Factor:	\$0.93000

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

Pursuant to CTCAC Regulation Section 10326(g)(5), general partners lacking documented experience with Section 42 requirements using the minimum scoring standards in Section 10325(c)(1)(A) shall be required to complete training as prescribed by CTCAC prior to a project placing in service.

CDLAC Analyst Comments

None

Resyndication and Resyndication Transfer Event: 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 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	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: 68.315%