

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

Sandstone Valley Apartments, located at 41705 Hawthorn Street in Murrieta on a 3.6 acre site, requested and is being recommended for a reservation of \$2,574,781 in annual federal tax credits and \$14,503,816 in total state tax credits and \$25,652,201 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 18 one-bedroom units, 48 two-bedroom units, and 30 three-bedroom units, serving families with rents affordable to households earning 30%-70% of area median income (AMI). Sandstone Valley Apartments will consist of 3-story building, Type VA structure wood framed over concrete slab-on-grade, stucco exteriors and vinyl windows. Common amenities include a play area for children, outdoor BBQ area, community room, computer lounge, leasing office, and restrooms. Each unit will have a balcony/patio, oven, blinds, central A/C, dishwasher, garbage disposal and refrigerator. The construction is expected to begin in February 2025 and be completed in November 2026. The project will be developed by CRP Affordable Housing and Community Development 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. The project financing includes state funding from the Mixed-Income Program (MIP) through CalHFA.

Project Number CA-24-481

Project Name Sandstone Valley Apartments
Site Address: 41705 Hawthorn Street
Murrieta, CA 92562
County: Riverside
Census Tract: 0498.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,574,781	\$14,503,816
Recommended:	\$2,574,781	\$14,503,816

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

Tax-Exempt Bond Allocation
Recommended: \$25,652,201

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Community Revitalization and Development Corporation
Contact: David Rutledge
Address: 635 Parkview Avenue
Redding, CA 96001
Phone: 530-241-6960
Email: david@crdc-housing.org

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Housing Finance Agency
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citi Community Capital

Development Team

General Partner(s) or Principal Owner(s): Sandstone Valley Apartments AGP LLC
 Community Revitalization and Development Corporation
 General Partner Type: Joint Venture
 Parent Company(ies): Bold Capital LLC
 Community Revitalization and Development Corporation
 Developer: CRP Affordable Housing and Community Development LLC
 Investor/Consultant: Hunt Capital Partners
 Management Agent: Cambridge Real Estate Services, Inc

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 4
 Total # of Units: 96
 No. / % of Low Income Units: 95 100.00%
 Average Targeted Affordability: 43.79%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt / HUD Project-based Vouchers (24 Units - 25%)

Information

Housing Type: Large Family
 Geographic Area: Inland Empire Region
 State Ceiling Pool: New Construction
 Set Aside: Mixed Income Set Aside
 CDLAC Project Analyst: Brandon Medina
 CTCAC Project Analyst: Franklin Cui

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	48	51%
50% AMI:	20	21%
60% AMI:	17	18%
70% AMI*:	10	11%

*CTCAC restricted only

Unit Mix

18 1-Bedroom Units
 48 2-Bedroom Units
 30 3-Bedroom Units

 96 Total Units

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 1 Bedroom	70%	\$1,224
3 1 Bedroom	60%	\$1,049
4 1 Bedroom	50%	\$874
4 1 Bedroom	30%	\$524
5 1 Bedroom	30%	\$524
5 2 Bedrooms	70%	\$1,467
9 2 Bedrooms	60%	\$1,258
10 2 Bedrooms	50%	\$1,048
12 2 Bedrooms	30%	\$629
12 2 Bedrooms	30%	\$629
3 3 Bedrooms	70%	\$1,695
5 3 Bedrooms	60%	\$1,453
6 3 Bedrooms	50%	\$1,211
8 3 Bedrooms	30%	\$727
7 3 Bedrooms	30%	\$727
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,934,469
Construction Costs	\$31,724,368
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,620,000
Soft Cost Contingency	\$486,456
Relocation	\$0
Architectural/Engineering	\$1,620,000
Const. Interest, Perm. Financing	\$6,761,329
Legal Fees	\$325,000
Reserves	\$1,059,719
Other Costs	\$4,743,876
Developer Fee	\$6,458,482
Commercial Costs	\$0
Total	\$56,733,699

Residential

Construction Cost Per Square Foot:	\$254
Per Unit Cost:	\$590,976
Estimated Hard Per Unit Cost:	\$286,476
True Cash Per Unit Cost*:	\$548,878
Bond Allocation Per Unit:	\$267,210
Bond Allocation Per Restricted Rental Unit:	\$301,791

Construction Financing

<u>Source</u>	<u>Amount</u>
Citi: Tax-Exempt	\$25,652,201
Citi: Taxable	\$8,747,882
Riverside County: PLHA ¹	\$3,000,000
Riverside County: IEHP ²	\$3,000,000
Deferred Costs	\$7,663,757
Tax Credit Equity	\$8,669,859

Permanent Financing

<u>Source</u>	<u>Amount</u>
Citi: Tax-Exempt	\$8,012,820
CalHFA: MIP	\$4,000,000
Riverside County: PLHA ¹	\$3,000,000
Riverside County: IEHP ²	\$3,000,000
Deferred Developer Fee	\$4,041,443
Tax Credit Equity	\$34,679,436
TOTAL	\$56,733,699

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

¹Permanent Local Housing Allocation

²Inland Empire Health Plan

Determination of Credit Amount(s)

Requested Eligible Basis:	\$49,515,028
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$64,369,536
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,574,781
Total State Credit:	\$14,503,816
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,458,482
Investor/Consultant:	Hunt Capital Partners
Federal Tax Credit Factor:	\$0.83992
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

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: 79.906%