

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

Maison's Village - Phase II, located at Bell Avenue and Hudsonia Street in Palmdale on a 18.74 acre site, requested and is being recommended for a reservation of \$3,237,659 in annual federal tax credits and \$9,573,068 in total state tax credits and \$34,410,000 of tax-exempt bond cap to finance the new construction of 191 units of housing, consisting of 189 restricted rental units, and 2 unrestricted manager's units. The project will have 64 one-bedroom units, 48 two-bedroom units, 57 three-bedroom units, and 22 four-bedroom units, serving tenants with rents affordable to households earning 30%-70% of area median income (AMI). The building will be 1 story and wood frame construction with vinyl siding and pitched roofs. Common amenities include a community pool/spa, community room, gym, education/business center, basketball court, playground, and paseo areas. Each unit will have a refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer hook-ups. The construction is expected to begin in February 2025 and be completed in September 2026. The project will be developed by Ravello Holdings, Inc. and will be located in Senate District 21 and Assembly District 39.

The project financing includes state funding from the Mixed-Income Program (MIP) through CalHFA.

Project Number CA-24-502

Project Name Maison's Village - Phase II
Site Address: Bell Avenue and Hudsonia Street
Palmdale, CA 93552
County: Los Angeles
Census Tract: 9107.13

| Tax Credit Amounts | Federal/Annual | State/Total * |
|---------------------------|-----------------------|----------------------|
| Requested: | \$3,237,659 | \$9,573,068 |
| Recommended: | \$3,237,659 | \$9,573,068 |

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Tax-Exempt Bond Allocation
Recommended: \$34,410,000

CTCAC Applicant Information
CTCAC Applicant / CDLAC Sponsor: Maison's Palmdale Blvd 150, LP
Contact: Phil Ram
Address: 2007 Cedar Avenue
Manhattan Beach, CA 90266
Phone: 310-979-3210
Email: pram@ravelloholdings.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Housing Finance Agency
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Merchants Bank of Indiana

Development Team

General Partner(s) or Principal Owner(s): Ravello MODs Palmdale Blvd 150, LLC
 AHA High Desert MGP, LLC

General Partner Type: Joint Venture

Parent Company(ies): Ravello Holdings, Inc.
 Affordable Housing Access, Inc.

Developer: Ravello Holdings, Inc.

Investor/Consultant: WNC

Management Agent: Aperto Property Management, Inc.

Project Information

Construction Type: New Construction

Total # Residential Buildings: 191

Total # of Units: 191

No. / % of Low Income Units: 189 100.00%

Average Targeted Affordability: 59.74%

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

Federal Subsidy: Tax-Exempt

Information

Housing Type: Non-Targeted

Geographic Area: Balance of Los Angeles County

State Ceiling Pool: New Construction

Set Aside: Mixed Income Set Aside

CDLAC Project Analyst: Anthony Wey

CTCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

| Aggregate Targeting | Number of Units | Percentage of Affordable Units |
|---------------------|-----------------|--------------------------------|
| 30% AMI: | 22 | 12% |
| 50% AMI: | 27 | 14% |
| 60% AMI: | 52 | 28% |
| 70% AMI*: | 88 | 47% |

*CTCAC restricted only

Unit Mix

64 1-Bedroom Units

48 2-Bedroom Units

57 3-Bedroom Units

22 4-Bedroom Units

191 Total Units

| Unit Type & Number | 2023 Rents Targeted % of Area Median Income | Proposed Rent (including utilities) |
|-----------------------------------|--|--|
| 7 1 Bedroom | 30% | \$709 |
| 9 1 Bedroom | 50% | \$1,182 |
| 18 1 Bedroom | 60% | \$1,418 |
| 30 1 Bedroom | 70% | \$1,655 |
| 5 2 Bedrooms | 30% | \$851 |
| 7 2 Bedrooms | 50% | \$1,418 |
| 13 2 Bedrooms | 60% | \$1,702 |
| 21 2 Bedrooms | 70% | \$1,986 |
| 2 3 Bedrooms | 30% | \$983 |
| 2 3 Bedrooms | 50% | \$1,639 |
| 4 3 Bedrooms | 60% | \$1,967 |
| 7 3 Bedrooms | 70% | \$2,295 |
| 5 3 Bedrooms | 30% | \$983 |
| 6 3 Bedrooms | 50% | \$1,639 |
| 11 3 Bedrooms | 60% | \$1,967 |
| 20 3 Bedrooms | 70% | \$2,295 |
| 3 4 Bedrooms | 30% | \$1,097 |
| 3 4 Bedrooms | 50% | \$1,828 |
| 6 4 Bedrooms | 60% | \$2,194 |
| 10 4 Bedrooms | 70% | \$2,560 |
| 2 2 Bedrooms | Manager's Unit | \$0 |

Project Cost Summary at Application

| | |
|------------------------------------|---------------------|
| Land and Acquisition | \$3,490,000 |
| Construction Costs | \$42,253,396 |
| Construction Hard Cost Contingency | \$3,465,156 |
| Soft Cost Contingency | \$1,389,908 |
| Architectural/Engineering | \$1,600,000 |
| Const. Interest, Perm. Financing | \$5,224,750 |
| Legal Fees | \$645,000 |
| Reserves | \$1,061,398 |
| Other Costs | \$4,854,483 |
| Developer Fee | \$6,500,000 |
| Total | \$70,484,091 |

Residential

| | |
|---|-----------|
| Construction Cost Per Square Foot: | \$232 |
| Per Unit Cost: | \$369,027 |
| Estimated Hard Per Unit Cost: | \$191,369 |
| True Cash Per Unit Cost*: | \$341,803 |
| Bond Allocation Per Unit: | \$180,157 |
| Bond Allocation Per Restricted Rental Unit: | \$340,693 |

| Construction Financing | | Permanent Financing | |
|---|--------------|------------------------|---------------------|
| Source | Amount | Source | Amount |
| Merchant's Capital: Tax-Exempt | \$34,410,000 | CalHFA | \$28,500,000 |
| Merchant's Capital: Recycled ¹ | \$6,000,000 | CalHFA - MIP | \$1,600,000 |
| Merchant's Capital: Equity Bridge | \$6,220,803 | Deferred Developer Fee | \$5,199,688 |
| Deferred Costs | \$6,261,086 | Solar Equity | \$484,500 |
| Tax Credit Equity | \$17,592,202 | Tax Credit Equity | \$34,699,903 |
| | | TOTAL | \$70,484,091 |

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

¹Merchant's Capital: Recycled Tax-Exempt

Determination of Credit Amount(s)

| | |
|--|--------------|
| Requested Eligible Basis: | \$62,262,668 |
| 130% High Cost Adjustment: | Yes |
| Applicable Fraction: | 100.00% |
| Qualified Basis: | \$80,941,468 |
| Applicable Rate: | 4.00% |
| Total Maximum Annual Federal Credit: | \$3,237,659 |
| Total State Credit: | \$9,573,068 |
| Approved Developer Fee (in Project Cost & Eligible Basis): | \$6,500,000 |
| Investor/Consultant: | WNC |
| Federal Tax Credit Factor: | \$0.85000 |
| State Tax Credit Factor: | \$0.75000 |

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

This Project's annual per unit operating expense total is below the CTCAC published per unit operating minimums of \$6,090. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of \$5,594 on agreement of the permanent lender and equity investor.

The applicant anticipates that the water service will be sub-metered and that the tenants will be billed separately for their water usage by a 3rd party company. Accordingly, the units' utility allowances include a component for water. The applicant is aware that sub-metering the water service and direct billing of the tenants by a 3rd party company must follow certain IRS rules in order to be in compliance. In conjunction with the IRS rules, prior to the issuance of the IRS 8609 forms, CTCAC will need to confirm that the water service and tenant billing have been implemented correctly. In addition, the CTCAC Compliance Section will require specific information regarding the master water bill and each tenant's water usage and water bill when they inspect the project.

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 | 9 |
| Site Amenities | 10 | 10 | 10 |
| Service Amenities | 10 | 10 | 10 |
| Cost Containment | 12 | 12 | 12 |
| Negative Points | No Maximum | | 0 |
| Total Points | 120 | 110 | 119 |

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: 106.632%