

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
December 11, 2024**

River Grove II, located at 49177 Road 426 in Oakhurst on a 1.81 acre site, requested and is being recommended for a reservation of \$1,402,719 in annual federal tax credits and \$19,596,237 of tax-exempt bond cap to finance the new construction of 50 units of housing, consisting of 49 restricted rental units and 1 unrestricted manager's unit. The project will have 20 one-bedroom units, 15 two-bedroom units, and 15 three-bedroom units, serving families with rents affordable to households earning 30%-60% of area median income (AMI). The construction is expected to begin in May 2025 and be completed in September 2026. The project will be developed by Self-Help Enterprises and will be located in Senate District 4 and Assembly District 8.

The project financing includes state funding from the Infill Infrastructure Grant (IIG) and Permanent Local Housing Allocation (PLHA) programs of HCD.

Project Number CA-24-724
Project Name River Grove II
Site Address: 49177 Road 426
Oakhurst, CA 93644
County: Madera
Census Tract: 104.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,402,719	\$0
Recommended:	\$1,402,719	\$0

Tax-Exempt Bond Allocation
Recommended: \$19,596,237

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: River Grove II, L.P.
Contact: Betsy McGovern-Garcia
Address: 8445 West Elowin Court
Visalia, CA 93291
Phone: 559-802-1653
Email: betsyg@selfhelpenterprises.org

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Municipal Finance Authority
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: U.S. Bank National Association

Development Team

General Partner(s) or Principal Owner(s): River Grove II LLC
 General Partner Type: Nonprofit
 Parent Company(ies): Self-Help Enterprises
 Developer: Self-Help Enterprises
 Investor/Consultant: California Housing Partnership
 Management Agent: AWI Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 5
 Total # of Units: 50
 No. / % of Low Income Units: 49 100.00%
 Average Targeted Affordability: 45.91%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HOME / American Rescue Plan (ARP) / National Housing Trust Fund (NHTF)

Information

Housing Type: Large Family
 Geographic Area: Central Valley Region
 State Ceiling Pool: N/A
 Set Aside: N/A
 Homeless Set Aside Units: 13
 CDLAC Project Analyst: Sarah Lester
 CTCAC Project Analyst: Sabrina Yang

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	6	12%
40% AMI:	13	27%
50% AMI:	25	51%
60% AMI:	5	10%

Unit Mix

20 1-Bedroom Units
 15 2-Bedroom Units
 15 3-Bedroom Units

 50 Total Units

<u>Unit Type & Number</u>	<u>2024 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 1 Bedroom	30%	\$495
2 2 Bedrooms	30%	\$594
2 3 Bedrooms	30%	\$685
3 1 Bedroom	40%	\$660
2 2 Bedrooms	40%	\$792
2 3 Bedrooms	40%	\$914
3 1 Bedroom	40%	\$660
2 2 Bedrooms	40%	\$792
1 3 Bedrooms	40%	\$914
10 1 Bedroom	50%	\$825
7 2 Bedrooms	50%	\$990
8 3 Bedrooms	50%	\$1,143
2 1 Bedroom	60%	\$990
1 2 Bedrooms	60%	\$1,188
2 3 Bedrooms	60%	\$1,371
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,831,541
Construction Costs	\$23,120,211
Construction Hard Cost Contingency	\$1,226,011
Soft Cost Contingency	\$371,435
Architectural/Engineering	\$980,000
Const. Interest, Perm. Financing	\$2,866,021
Legal Fees	\$150,000
Reserves	\$110,672
Other Costs	\$1,998,875
Developer Fee	\$4,574,084
Total	\$37,228,850

Residential

Construction Cost Per Square Foot:	\$477
Per Unit Cost:	\$744,577
Estimated Hard Per Unit Cost:	\$416,775
True Cash Per Unit Cost*:	\$703,095
Bond Allocation Per Unit:	\$391,925
Bond Allocation Per Restricted Rental Unit:	\$399,923

Construction Financing

Source	Amount
US Bank: Tax-Exempt	\$19,596,237
US Bank: Taxable	\$2,767,699
HCD: HOME-ARP	\$3,381,286
HCD: IIG	\$2,729,400
HCD: NHTF	\$2,155,656
Deferred Costs	\$2,050,672
Deferred Developer Fee	\$2,074,085
Tax Credit Equity	\$2,473,816

Permanent Financing

Source	Amount
US Bank	\$840,000
HOME	\$12,000,000
HCD: HOME-ARP	\$3,756,984
HCD: IIG	\$2,729,400
HCD: NHTF	\$2,661,304
Deferred Developer Fee	\$2,074,084
Tax Credit Equity	\$13,167,078
TOTAL	\$37,228,850

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$35,067,981
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$35,067,981
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,402,719
Approved Developer Fee (in Project Cost & Eligible Basis):	\$4,574,084
Federal Tax Credit Factor:	\$0.93868

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

Staff noted a per-unit development cost of \$703,095. The applicant noted that the per unit cost is attributed to prevailing wage requirements, escalating finance costs due to construction loan interest rates, and material costs.

River Grove II is the second phase of the River Grove development. River Grove I, which is currently under construction, features 70 units along with a community building, amenities, and parking that will be shared with River Grove II through a Joint Use Easement agreement. Both phases will be managed and owned by separate limited partnerships, and they will each have their own monitoring requirements. APN 065-080-053 has been split into Parcel 1 (River Grove I) and Parcel 2 (River Grove II). Both parcels currently share the same APN but will be assigned separate APNs upon construction completion. The legal description and APN for CA-24-724 must be completed as part of the placed-in-service package.

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: 68.845%