

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

Villa Verde, located at 84824 Calle Verde in Coachella on a 9.44 acre site, requested and is being recommended for a reservation of \$3,948,871 in annual federal tax credits and \$42,578,583 of tax-exempt bond cap to finance the new construction of 116 units of housing, consisting of 115 restricted rental units and 1 unrestricted manager's unit. The project will have 16 one-bedroom units, 56 two-bedroom units, and 44 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 November 2025 and be completed in November 2027. The project will be developed by Abode Communities and will be located in Senate District 18 and Assembly District 36.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from HCD's No Place Like Home (NPLH) and Permanent Local Housing Allocation (PLHA) programs.

Project Number CA-24-744

Project Name Villa Verde
Site Address: 84824 Calle Verde
Coachella, CA 92236
County: Riverside
Census Tract: 457.08

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,948,871	\$0
Recommended:	\$3,948,871	\$0

Tax-Exempt Bond Allocation
Recommended: \$42,578,583

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Abode Communities
Contact: Lara Regus
Address: 1149 South Hill Street, Suite 700
Los Angeles, CA 90015
Phone: 213-225-2812
Email: lregus@abodecommunities.org

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Municipal Finance Agency
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Wells Fargo Bank, N.A.

Development Team

General Partners or Principal Owners:	Villa Verde I GP, LLC
General Partner Type:	Nonprofit
Parent Company:	Abode Communities
Developer:	Abode Communities
Investor/Consultant:	California Housing Partnership Corporation
Management Agent:	Abode Communities

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	20	
Total # of Units:	116	
No. / % of Low Income Units:	115	100.00%
Average Targeted Affordability:	40.52%	
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (78 Units - 67%)	

Information

Housing Type:	Large Family
Geographic Area:	Inland Empire Region
State Ceiling Pool:	New Construction
Set Aside:	N/A
Homeless Set Aside Units:	50
CDLAC Project Analyst:	Erin Deblaquiere
CTCAC Project Analyst:	Ruben Barcelo

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	66	57%
50% AMI:	26	23%
60% AMI:	23	20%

Unit Mix

16 1-Bedroom Units
56 2-Bedroom Units
44 3-Bedroom Units
<u>116 Total Units</u>

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
16 1 Bedroom	30%	\$576
30 2 Bedrooms	30%	\$691
4 3 Bedrooms	30%	\$799
6 2 Bedrooms	30%	\$691
10 3 Bedrooms	30%	\$799
8 2 Bedrooms	50%	\$1,152
4 3 Bedrooms	50%	\$1,332
3 2 Bedrooms	50%	\$1,152
11 3 Bedrooms	50%	\$1,332
8 2 Bedrooms	60%	\$1,383
15 3 Bedrooms	60%	\$1,599
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,869,946
Construction Costs	\$49,721,438
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,731,233
Soft Cost Contingency	\$509,302
Relocation	\$0
Architectural/Engineering	\$2,390,716
Const. Interest, Perm. Financing	\$8,463,178
Legal Fees	\$214,211
Reserves	\$1,450,946
Other Costs	\$4,549,969
Developer Fee	\$9,905,195
Commercial Costs	\$0
Total	\$82,806,134

Residential

Construction Cost Per Square Foot:	\$443
Per Unit Cost:	\$713,846
Estimated Hard Per Unit Cost:	\$380,953
True Cash Per Unit Cost*:	\$630,078
Bond Allocation Per Unit:	\$367,057
Bond Allocation Per Restricted Rental Unit:	\$370,249

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo: Tax-Exempt	\$42,578,583	CCRC: Tax-Exempt	\$16,938,000
HCD: PLHA	\$8,000,000	HCD: NPLH	\$11,279,429
HACR ¹	\$219,892	HCD: PLHA	\$8,000,000
HACR ¹ : Taxable Housing Bond	\$450,000	HACR ¹	\$219,892
HACR ¹ : Seller Carryback	\$1,411,842	HACR ¹ : Taxable Housing Bond	\$450,000
Low Income Investment Fund	\$14,609,617	HACR ¹ : Seller Carryback	\$1,411,842
Deferred Costs	\$2,897,146	Deferred Interest	\$476,158
Deferred Interest	\$476,158	Deferred Developer Fee	\$8,305,195
Deferred Developer Fee	\$8,305,195	General Partner Equity	\$100
General Partner Equity	\$100	Tax Credit Equity	\$35,725,518
Tax Credit Equity	\$3,857,601	TOTAL	\$82,806,134

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

¹Housing Authority of the County of Riverside

Determination of Credit Amount(s)

Requested Eligible Basis:	\$75,939,831
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$98,721,780
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,948,871
Approved Developer Fee (in Project Cost & Eligible Basis):	\$9,905,195
Federal Tax Credit Factor:	\$0.90470

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 116-unit application was submitted as a Hybrid project serving large families. The project is comprised of a 9% component (yet to apply) consisting of 36 units and a 4% component (CA-24-744) consisting of 116 units. All units in the project will have access to a community room, supportive services offices, resident services office, laundry rooms, and outdoor patio.

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: 105.295%