

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

Harrington Grove Apartments, located at 791 Harrington Way in Folsom on a 1.94 acre site, requested and is being recommended for a reservation of \$1,184,988 in annual federal tax credits and \$13,273,135 of tax-exempt bond cap to finance the new construction of 52 units of housing, consisting of 51 restricted rental units and 1 unrestricted manager's unit. The project will have 24 one-bedroom units, 15 two-bedroom units, and 13 three-bedroom units, serving families with rents affordable to households earning 30%-80% of area median income (AMI). The construction is expected to begin in July 2025 and be completed in September 2026. The project will be developed by West Development Ventures, LLC and will be located in Senate District 6 and Assembly District 7.

Project Number CA-24-753

Project Name Harrington Grove Apartments
Site Address: 791 Harrington Way
Folsom, CA 95630
County: Sacramento
Census Tract: 84.03

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,184,988	\$0
Recommended:	\$1,184,988	\$0

Tax-Exempt Bond Allocation
Recommended: \$13,273,135

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: West Development Ventures, LLC
Contact: Mike Kelley
Address: 520 Capitol Mall, Suite 150
Sacramento, CA 95814
Phone: (916) 834-5986
Email: mikek@westdv.com

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

Development Team

General Partner(s) or Principal Owner(s):	West Development Ventures, LLC Central Valley Coalition for Affordable Housing Pacific West Communities, Inc.
General Partner Type:	Joint Venture
Parent Company(ies):	West Development Ventures, LLC Central Valley Coalition for Affordable Housing Pacific West Communities, Inc.
Developer:	West Development Ventures, LLC
Investor/Consultant:	Boston Financial
Management Agent:	Aperto Property Management, Inc.

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	2	
Total # of Units:	52	
No. / % of Low Income Units:	51	100.00%
Average Targeted Affordability:	59.42%	
Federal Set-Aside Elected:	40%/60% Average Income	
Federal Subsidy:	Tax-Exempt	

Information

Housing Type:	Large Family
Geographic Area:	Capital Region
State Ceiling Pool:	New Construction
Set Aside:	N/A
CDLAC Project Analyst:	Jake Salle
CTCAC Project Analyst:	Brett Andersen

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	6	12%
50% AMI:	7	14%
60% AMI:	27	53%
80% AMI*:	11	22%

*CTCAC restricted only

Unit Mix

24 1-Bedroom Units
15 2-Bedroom Units
13 3-Bedroom Units
52 Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
3 1 Bedroom	30%	\$663
3 1 Bedroom	50%	\$1,105
13 1 Bedroom	60%	\$1,326
5 1 Bedroom	80%	\$1,769
2 2 Bedrooms	30%	\$795
2 2 Bedrooms	50%	\$1,326
7 2 Bedrooms	60%	\$1,591
3 2 Bedrooms	80%	\$2,122
1 3 Bedrooms	30%	\$919
2 3 Bedrooms	50%	\$1,532
7 3 Bedrooms	60%	\$1,839
3 3 Bedrooms	80%	\$2,452
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,450,000
Construction Costs	\$14,486,547
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$724,000
Soft Cost Contingency	\$200,000
Relocation	\$0
Architectural/Engineering	\$900,000
Const. Interest, Perm. Financing	\$1,655,300
Legal Fees	\$120,000
Reserves	\$283,064
Other Costs	\$2,022,943
Developer Fee	\$2,972,377
Commercial Costs	\$0
Total	\$24,814,231

Residential

Construction Cost Per Square Foot:	\$322
Per Unit Cost:	\$477,197
Estimated Hard Per Unit Cost:	\$244,374
True Cash Per Unit Cost*:	\$468,065
Bond Allocation Per Unit:	\$255,253
Bond Allocation Per Restricted Rental Unit:	\$331,828

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank: Tax-Exempt	\$13,273,135	Citibank: Tax-Exempt	\$6,775,000
Bonneville: Recycled Tax-Exempt	\$4,555,000	Bonneville: Recycled Tax-Exempt	\$4,555,000
City of Folsom	\$2,700,000	City of Folsom	\$2,700,000
Deferred Costs	\$283,064	Deferred Developer Fee	\$474,835
Deferred Developer Fee	\$2,972,077	Tax Credit Equity	\$10,309,396
Tax Credit Equity	\$1,030,955	TOTAL	\$24,814,231

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$22,788,224
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$29,624,691
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,184,988
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,972,377
Federal Tax Credit Factor:	\$0.87000

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: 84.399%