

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

Viscar Terrace Apartments, located at 40475 Vista Murrieta and 40600 Myers Lane in Murrieta on a 5.74 acre site, requested and is being recommended for a reservation of \$5,091,936 in annual federal tax credits and \$23,316,924 in total state tax credits and \$52,265,807 of tax-exempt bond cap to finance the new construction of 172 units of housing, consisting of 170 restricted rental units and 2 unrestricted manager's units. The project will have 78 one-bedroom units, 48 two-bedroom units, 38 three-bedroom units, and 8 four-bedroom units, serving families with rents affordable to households earning 30%-70% of area median income (AMI). The construction is expected to begin in June 2025 and be completed in June 2027. The project will be developed by Etapes Corporation and will be located in Senate District 28 and Assembly District 67.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-24-756

Project Name Viscar Terrace Apartments
Site Address: 40475 Vista Murrieta and 40600 Myers Lane
Murrieta, CA 92562
County: Riverside
Census Tract: 432.06

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$5,091,936	\$23,316,924
Recommended:	\$5,091,936	\$23,316,924

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

Tax-Exempt Bond Allocation
Recommended: \$52,265,807

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Viscar Terrace LP
Applicant for State Credits: Rio Hondo Community Development Corporation
Contact: Tung Tran
Address: 13681 Newport Avenue, Suite 8230
Tustin, CA 92780
Phone: 714-330-9987
Email: ttran@etapescorp.com

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

Development Team

General Partner(s) or Principal Owner(s): Viscar Terrace LLC
 Rio Hondo Community Development Corporation
 General Partner Type: Joint Venture
 Parent Company(ies): TEREDS LLC
 Rio Hondo Community Development Corporation
 Developer: Etapes Corporation
 Investor/Consultant: U.S. Bank
 Management Agent: FPI Management, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 5
 Total # of Units: 172
 No. / % of Low Income Units: 170 100.00%
 Average Targeted Affordability: 50.53%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers
 (68 Units - 40%)

Information

Housing Type: Large Family
 Geographic Area: Inland Empire Region
 State Ceiling Pool: New Construction
 Set Aside: Homeless Set Aside
 Homeless Set Aside Units: N/A
 CDLAC Project Analyst: Danielle Stevenson
 CTCAC Project Analyst: Nick White

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	51	30%
40% AMI:	17	10%
60% AMI:	76	45%
70% AMI*:	26	15%

*CTCAC restricted only

Unit Mix

78 1-Bedroom Units
48 2-Bedroom Units
38 3-Bedroom Units
8 4-Bedroom Units
172 Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
11 1 Bedroom	30%	\$576
18 2 Bedrooms	30%	\$691
18 3 Bedrooms	30%	\$799
4 4 Bedrooms	30%	\$891
5 1 Bedroom	40%	\$769
4 2 Bedrooms	40%	\$922
4 3 Bedrooms	40%	\$1,066
4 4 Bedrooms	40%	\$1,189
50 1 Bedroom	60%	\$1,153
18 2 Bedrooms	60%	\$1,383
8 3 Bedrooms	60%	\$1,599
12 1 Bedroom	70%	\$1,345
7 2 Bedrooms	70%	\$1,613
7 3 Bedrooms	70%	\$1,865
1 2 Bedrooms	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,770,471
Construction Costs	\$65,032,268
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,239,113
Soft Cost Contingency	\$565,697
Relocation	\$0
Architectural/Engineering	\$2,137,000
Const. Interest, Perm. Financing	\$11,493,048
Legal Fees	\$354,214
Reserves	\$1,518,843
Other Costs	\$5,459,771
Developer Fee	\$12,772,414
Commercial Costs	\$0
Total	\$107,342,841

Residential

Construction Cost Per Square Foot:	\$416
Per Unit Cost:	\$624,086
Estimated Hard Per Unit Cost:	\$329,862
True Cash Per Unit Cost*:	\$578,457
Bond Allocation Per Unit:	\$303,871
Bond Allocation Per Restricted Rental Unit:	\$362,957

Construction Financing

Source	Amount
Citibank: Tax-Exempt	\$52,265,807
Citibank: Taxable	\$31,874,193
Net Operating Income	\$837,158
Deferred Costs	\$1,599,176
Deferred Developer Fee	\$10,669,946
Tax Credit Equity	\$10,096,561

Permanent Financing

Source	Amount
Citibank: Tax-Exempt	\$30,692,888
Net Operating Income	\$837,158
Deferred Developer Fee	\$7,848,276
Solar Tax Credit Equity	\$409,500
Tax Credit Equity	\$67,555,019
TOTAL	\$107,342,841

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$97,921,843
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$127,298,396
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$5,091,936
Total State Credit:	\$23,316,924
Approved Developer Fee (in Project Cost & Eligible Basis):	\$12,772,414
Federal Tax Credit Factor:	\$0.91000
State Tax Credit Factor:	\$0.91000

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:

The current legal description is part of a larger site and the project site’s parcel (legal description and APN) have not yet been finalized. The legal description and APN for CA-24-756 must be completed as part of the placed in service package.

The project has received tentative approval from the Housing Authority of the County of Riverside to use the Energy Efficient Utility Allowance schedule. The project is required to provide full approval from the Housing Authority to use these utility allowances at the placed in service submission.

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: 80.353%