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

Lake Isabella Senior Apartments I & II, located at 2701 Eskine Creek Road in Lake Isabella on a 2.95 acre site, requested and is being recommended for a reservation of $716,565 in annual federal tax credits and $7,750,000 of tax-exempt bond cap to finance the acquisition & rehabilitation of 86 units of housing, consisting of 85 restricted rental units and 1 unrestricted manager's unit. The project has 84 one-bedroom units, and 2 two-bedroom units, serving seniors with rents affordable to households earning 30%-60% of area median income (AMI). The construction is expected to begin in March 2025 and be completed in December 2025. The project will be developed by Community Preservation Partners and is located in Senate District 12 and Assembly District 32.

Lake Isabella Senior Apartments I & II is a re-syndication of two existing Low Income Housing Tax Credit (LIHTC) projects, Lake Isabella Senior Apartments (CA-1990-109) and Lake Isabella Senior II Apartments (CA-1994-093). See Resyndication and Resyndication Transfer Event below for additional information. The project will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance.

Project Number	CA-24-787
Project Name	Lake Isabella Senior Apartments I & II
Site Address:	2701 Eskine Creek Road Lake Isabella, CA 93240
County:	Kern
Census Tract:	52.05

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$716,565	$0
Recommended:	$716,565	$0

Tax-Exempt Bond Allocation	
Recommended:	$7,750,000

CTCAC Applicant Information	
CTCAC Applicant/CDLAC Sponsor:	Lake Isabella Investment Group, LP
Contact:	Edward Mackay
Address:	531 Mill Road Auburn, CA 95603
Phone:	530.888.7097
Email:	beneficialhousing@gmail.com

Bond Financing Information	
CDLAC Applicant/Bond Issuer:	CMFA
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Public Sale:	Credit Enhanced
Underwriter:	Stifel, Nicolaus & Company, Incorporated
Credit Enhancement Provider:	Bonneville Mortgage Company

Development Team

General Partner(s) or Principal Owner(s):	Edward Mackay Enterprises, LLC The Beneficial Housing Foundation
General Partner Type:	Joint Venture
Parent Company(ies):	Edward Mackay Enterprises, LLC The Beneficial Housing Foundation
Developer:	Community Preservation Partners
Investor/Consultant:	WNC
Management Agent:	AWI Management Corporation

Project Information

Construction Type:	Acquisition & Rehabilitation	
Total # Residential Buildings:	22	
Total # of Units:	86	
No. / % of Low Income Units:	85	100.00%
Average Targeted Affordability:	53.60%	
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt / USDA Section 515	

Information

Housing Type:	Seniors
Geographic Area:	Central Valley Region
State Ceiling Pool:	Other Rehabilitation
Set Aside:	N/A
CDLAC Project Analyst:	Amit Sarang
CTCAC Project Analyst:	Jacob Paixao

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	17	20%
60% AMI:	68	80%

Unit Mix

84	1-Bedroom Units
2	2-Bedroom Units
86	Total Units

Unit Type & Number		2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
9	1 Bedroom	30%	$495
36	1 Bedroom	60%	$990
8	1 Bedroom	30%	$495
31	1 Bedroom	60%	$990
1	2 Bedrooms	60%	$1,184
1	2 Bedrooms	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$3,155,217
Construction Costs	$0
Rehabilitation Costs	$6,546,170
Construction Hard Cost Contingency	$650,117
Soft Cost Contingency	$150,000
Relocation	$358,000
Architectural/Engineering	$339,500
Const. Interest, Perm. Financing	$1,975,054
Legal Fees	$150,000
Reserves	$602,400
Other Costs	$789,702
Developer Fee	$1,631,622
Commercial Costs	$0
Total	**$16,347,782**

Residential

Construction Cost Per Square Foot:	$114
Per Unit Cost:	$190,090
Estimated Hard Per Unit Cost:	$65,407
True Cash Per Unit Cost*:	$188,670
Bond Allocation Per Unit:	$90,116
Bond Allocation Per Restricted Rental Unit:	$91,176

Construction Financing

Source	Amount
Bonneville: Tax-Exempt	$7,750,000
USDA RD 515	$3,105,217
Existing Reserves	$544,499
Net Operating Income	$183,773
Deferred Developer Fee	$1,292,135
Tax Credit Equity	$3,472,158

Permanent Financing

Source	Amount
Bonneville: Tax-Exempt	$6,158,000
USDA RD 515	$3,105,217
Existing Reserves	$544,499
Net Operating Income	$183,773
Deferred Developer Fee	$122,177
Tax Credit Equity	$6,234,116
TOTAL	**$16,347,782**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$11,360,998
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$3,144,820
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$14,769,297
Qualified Basis (Acquisition):	$3,144,820
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$590,772
Maximum Annual Federal Credit, Acquisition:	$125,793
Total Maximum Annual Federal Credit:	$716,565
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,631,622
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
As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement and any deeper targeting levels in the new regulatory agreement for the duration of the new regulatory agreement. Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreements (CA-1990-109) and (CA-1994-93) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

The project is a re-syndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from setting aside a Short Term Work Capitalized Replacement Reserve that is otherwise required.

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	20
New Construction Density and Local Incentives	10	0	0
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	0
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	0
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	110

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: 176.872%