

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
 CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE  
 Project Staff Report  
 Qualified Private Activity Tax-Exempt Bond Project  
 August 5, 2025**

Zenith on 25th, located at Northwest corner of 25th Street East and East Avenue Q in Palmdale on a 9.9 acre site, requested and is being recommended for a reservation of \$6,110,463 in annual federal tax credits and \$64,500,000 of tax-exempt bond cap to finance the new construction of 272 units of housing, consisting of 269 restricted rental units and 3 unrestricted manager's units. The project will have 44 one-bedroom units, 98 two-bedroom units, 94 three-bedroom units, and 36 four-bedroom units, serving families with rents affordable to households earning 30%-60% of area median income (AMI). The construction is expected to begin in February 2026 and be completed in January 2028. The project will be developed by Lincoln Avenue Capital LLC and will be located in Senate District 23 and Assembly District 39.

**Project Number** CA-25-522

**Project Name** Zenith on 25th  
 Site Address: Northwest corner of 25th Street East and East Avenue Q  
 Palmdale, CA 93550  
 County: Los Angeles  
 Census Tract: 9111.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$6,110,463	\$0
Recommended:	\$6,110,463	\$0

**Tax-Exempt Bond Allocation**  
 Recommended: \$64,500,000

**CTCAC Applicant Information**  
 CTCAC Applicant/CDLAC Sponsor: Palmdale Family Apartments LP  
 Contact: Brandon Hodge  
 Address: 401 Wilshire Boulevard, 11th Floor  
 Santa Monica, CA 90401  
 Phone: (424) 222-8253  
 Email: bhodge@lincolnavenue.com

**Bond Financing Information**  
 CDLAC Applicant/Bond Issuer: California Municipal Finance Authority  
 Bond Counsel: Orrick, Herrington & Sutcliffe LLP  
 Private Placement Purchaser: Citibank, N.A.  
 Cash Flow Permanent Bond: Not Applicable  
 Public Sale: Not Applicable  
 Underwriter: Not Applicable  
 Credit Enhancement Provider: Not Applicable  
 Rating: Not Applicable  
 Denomination: Not Applicable

**Development Team**

General Partners / Principal Owners:	Rainbow Housing Assistance Corporation Palmdale Family GP LLC
General Partner Type:	Joint Venture
Parent Companies:	Rainbow Housing Assistance Corporation Lincoln Avenue Capital LLC
Developer:	Lincoln Avenue Capital LLC
Investor/Consultant:	NEF Assignment Corporation
Management Agent:	FPI Management, Inc.

**Project Information**

Construction Type:	New Construction	
Total # Residential Buildings:	13	
Total # of Units:	272	
No. / % of Low Income Units:	269	100.00%
Average Targeted Affordability:	55.69%	
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt	

**Information**

Housing Type:	Large Family
Geographic Area:	Balance of Los Angeles County
State Ceiling Pool:	New Construction
Set Aside:	N/A
Homeless Set Aside Units:	N/A
CDLAC Project Analyst:	Stefanie McDaniels
CTCAC Project Analyst:	Sopida Steinwert

**55-Year Use / Affordability**

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	29	11%
50% AMI:	29	11%
60% AMI:	211	78%

**Unit Mix**

44	1-Bedroom Units
98	2-Bedroom Units
94	3-Bedroom Units
36	4-Bedroom Units
272	Total Units

<u>Unit Type &amp; Number</u>	<u>2025 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
18 1 Bedroom	60%	\$1,704
13 1 Bedroom	50%	\$1,420
13 1 Bedroom	30%	\$852
76 2 Bedrooms	60%	\$2,044
10 2 Bedrooms	50%	\$1,703
10 2 Bedrooms	30%	\$1,022
85 3 Bedrooms	60%	\$2,363
4 3 Bedrooms	50%	\$1,969
4 3 Bedrooms	30%	\$1,181
32 4 Bedrooms	60%	\$2,635
2 4 Bedrooms	50%	\$2,196
2 4 Bedrooms	30%	\$1,317
2 2 Bedrooms	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	\$0

### **Project Cost Summary at Application**

Land and Acquisition	\$3,500,000
Construction Costs	\$78,854,024
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,740,000
Soft Cost Contingency	\$200,000
Relocation	\$0
Architectural/Engineering	\$1,656,985
Const. Interest, Perm. Financing	\$10,715,866
Legal Fees	\$550,000
Reserves	\$1,514,724
Other Costs	\$10,126,303
Developer Fee	\$15,329,271
Commercial Costs	\$0
<b>Total</b>	<b>\$126,187,173</b>

### **Residential**

Construction Cost Per Square Foot:	\$258
Per Unit Cost:	\$463,923
Estimated Hard Per Unit Cost:	\$250,000
True Cash Per Unit Cost*:	\$428,609
Bond Allocation Per Unit:	\$237,132
Bond Allocation Per Restricted Rental Unit:	\$239,777

### **Construction Financing**

<u>Source</u>	<u>Amount</u>
Citibank: Tax-Exempt	\$64,500,000
Citibank: Recycled Tax-Exempt	\$11,500,000
Citibank: Taxable	\$29,095,916
Deferred Costs	\$15,775,052
General Partner Equity	\$100
Tax Credit Equity	\$5,316,105

### **Permanent Financing**

<u>Source</u>	<u>Amount</u>
Citibank: Tax-Exempt	\$62,270,000
Deferred Developer Fee	\$9,605,524
General Partner Equity	\$100
Solar Tax Credit Equity	\$1,150,496
Tax Credit Equity	\$53,161,053
<b>TOTAL</b>	<b>\$126,187,173</b>

\*Less Donated Land, Seller Carryback Loans, Waived Fees, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$118,023,330
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$153,430,329
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$6,110,463
Approved Developer Fee (in Project Cost & Eligible Basis):	\$15,329,271
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**

The applicant 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
<b>Total Points</b>	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:** 127.656%