

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

Palm Desert Family Housing, located at Frank Sinatra Drive and Cook Street in Palm Desert on a 7.74 acre site, requested and is being recommended for a reservation of \$7,655,476 in annual federal tax credits and \$26,130,746 in total state tax credits and \$73,983,017 of tax-exempt bond cap to finance the new construction of 298 units of housing, consisting of 295 restricted rental units and 3 unrestricted manager's units. The project will have 7 studio units, 113 one-bedroom units, 101 two-bedroom units, 61 three-bedroom units, and 16 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 January 2026 and be completed in February 2026. The project will be developed by Affirmed Housing Group, Inc. and will be located in Senate District 19 and Assembly District 47.

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

Project Number CA-25-616

Project Name Palm Desert Family Housing
 Site Address: Frank Sinatra Drive and Cook Street
 Palm Desert, CA 92211
 County: Riverside
 Census Tract: 449.22

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$7,655,476	\$26,130,746
Recommended:	\$7,655,476	\$26,130,746

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

Tax-Exempt Bond Allocation
 Recommended: \$73,983,017

CTCAC Applicant Information
 CTCAC Applicant/CDLAC Sponsor: Compass for Affordable Housing
 Contact: Robin Martinez
 Address: 13520 Evening Creek Drive North Suite 560
 San Diego, CA 92128
 Phone: 858-386-7211
 Email: Robin@compassfah.org

Bond Financing Information
 CDLAC Applicant/Bond Issuer: California Municipal Finance Authority
 Bond Counsel: Orrick, Herrington & Sutcliffe LLP
 Public Sale: Credit Enhanced
 Underwriter: Lument Securities, LLC
 Credit Enhancement Provider: Lument Real Estate Capital

Development Team

General Partners / Principal Owners:	CFAH Housing, LLC AHG Palm Desert, LLC
General Partner Type:	Joint Venture
Parent Companies:	Compass for Affordable Housing Affirmed Housing Group, Inc.
Developer:	Affirmed Housing Group, Inc.
Investor/Consultant:	WNC, Inc.
Management Agent:	Solari Enterprises

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	6	
Total # of Units:	298	
No. / % of Low Income Units:	295	100.00%
Average Targeted Affordability:	49.19%	
Federal Set-Aside Elected:	40%/60% Average Income	
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (39 Units - 13%)	

Information

Housing Type:	Large Family
Geographic Area:	Inland Region
State Ceiling Pool:	New Construction
CDLAC Project Analyst:	Brandon Medina
CTCAC Project Analyst:	Nick White

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	77	26%
50% AMI:	123	42%
60% AMI:	60	20%
70% AMI*:	35	12%

*CTCAC restricted only

Unit Mix

7	SRO/Studio Units
113	1-Bedroom Units
101	2-Bedroom Units
61	3-Bedroom Units
16	4-Bedroom Units
<u>298</u>	<u>Total Units</u>

Unit Type & Number	2025 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
7 SRO/Studio	50%	\$980
22 1 Bedroom	30%	\$629
91 1 Bedroom	50%	\$1,049
16 2 Bedrooms	30%	\$755
25 2 Bedrooms	50%	\$1,258
60 2 Bedrooms	60%	\$1,510
23 3 Bedrooms	30%	\$873
35 3 Bedrooms	70%	\$2,037
16 4 Bedrooms	30%	\$973
3 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$450,000
Construction Costs	\$101,591,992
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$5,079,599
Soft Cost Contingency	\$1,571,265
Relocation	\$0
Architectural/Engineering	\$3,850,000
Const. Interest, Perm. Financing	\$14,319,888
Legal Fees	\$700,000
Reserves	\$1,209,000
Other Costs	\$12,555,428
Developer Fee	\$15,000,000
Commercial Costs	\$0
Total	\$156,327,172

Residential

Construction Cost Per Square Foot:	\$427
Per Unit Cost:	\$524,588
Estimated Hard Per Unit Cost:	\$295,017
True Cash Per Unit Cost*:	\$494,386
Bond Allocation Per Unit:	\$248,265
Bond Allocation Per Restricted Rental Unit:	\$284,550

Construction Financing

Source	Amount
Citibank: Tax-Exempt	\$73,983,017
Citibank: Recycled Tax- Exempt	\$13,464,025
Citibank: Taxable	\$18,379,037
Lument: Bond Interest	\$4,603,242
Tax Credit Equity	\$41,294,608

Permanent Financing

Source	Amount
Lument	\$36,680,184
Lument: Bond Interest	\$4,603,242
Safehold, Inc.	\$12,800,000
Deferred Developer Fee	\$9,000,000
Tax Credit Equity	\$93,243,746
TOTAL	\$156,327,172

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$147,220,692
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$191,386,900
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$7,655,476
Total State Credit:	\$26,130,746
Approved Developer Fee (in Project Cost & Eligible Basis):	\$15,000,000
Federal Tax Credit Factor:	\$0.91080
State Tax Credit Factor:	\$0.90000

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

Projects with subsidies from HUD are required to use Utility Allowances (UAs) approved by HUD. The applicant’s use of the CUAC for Palm Desert Family Housing (CA-25-616) is subject to approval by HUD.

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	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: 114.343%