

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

Prospect Avenue Senior, Prospect Villa and Propect Villa III, located at 190 East Park Street and 960 and 998 Prospect Avenue in Hollister on a 4.09 acre site, requested and is being recommended for a reservation of \$572,566 in annual federal tax credits and \$7,750,000 of tax-exempt bond cap to finance the acquisition & rehabilitation of 64 units of housing, consisting of 63 restricted rental units and 1 unrestricted manager's unit. The project has 63 one-bedroom units, and 1 two-bedroom unit, serving seniors 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 2027. The project will be developed by Community Preservation Partners and is located in Senate District 17 and Assembly District 29.

Prospect Avenue Senior, Prospect Villa and Propect Villa III is a resyndication of an existing Low Income Housing Tax Credit (LIHTC) project, Prospect Villa III Apartments (CA-1994-095). 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-25-623

Project Name Prospect Avenue Senior, Prospect Villa and Propect Villa III
Site Address: 190 East Park Street and 960 and 998 Prospect Avenue
Hollister, CA 95023
County: San Benito
Census Tract: 7.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$572,566	\$0
Recommended:	\$572,566	\$0

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

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Hollister Investment Group, LP
Contact: Ronald D. Bettencourt
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
Private Placement Purchaser: California Bank & Trust

Development Team

General Partners / Principal Owners: Bettencourt Properties, Inc.
 The Beneficial Housing Foundation
 General Partner Type: Joint Venture
 Parent Companies: Bettencourt Properties, Inc.
 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: 14
 Total # of Units: 64
 No. / % of Low Income Units: 63 100.00%
 Average Targeted Affordability: 46.19%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / US Department of Agriculture Rural
 Development (USDA RD) 521 (62 Units - 98%)

Information

Housing Type: Seniors
 Geographic Area: Coastal Region
 State Ceiling Pool: Other Rehabilitation
 CDLAC Project Analyst: Jake Salle
 CTCAC Project Analyst: Chris Saenz

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	29	46%
60% AMI:	34	54%

Unit Mix

63	1-Bedroom Units
1	2-Bedroom Units
64	Total Units

<u>Unit Type & Number</u>	<u>2025 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
9 1 Bedroom	30%	\$751
10 1 Bedroom	60%	\$1,503
9 1 Bedroom	30%	\$751
5 1 Bedroom	60%	\$1,503
11 1 Bedroom	30%	\$751
18 1 Bedroom	60%	\$1,503
1 1 Bedroom	60%	\$1,503
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,336,483
Construction Costs	\$0
Rehabilitation Costs	\$6,024,800
Construction Hard Cost Contingency	\$596,481
Soft Cost Contingency	\$150,000
Relocation	\$192,000
Architectural/Engineering	\$248,683
Const. Interest, Perm. Financing	\$1,441,910
Legal Fees	\$175,000
Reserves	\$329,384
Other Costs	\$654,026
Developer Fee	\$1,784,955
Commercial Costs	\$0
Total	\$16,933,722

Residential

Construction Cost Per Square Foot:	\$132
Per Unit Cost:	\$264,589
Estimated Hard Per Unit Cost:	\$80,547
True Cash Per Unit Cost*:	\$262,629
Bond Allocation Per Unit:	\$121,094
Bond Allocation Per Restricted Rental Unit:	\$123,016

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
CB&T ¹ : Tax-Exempt	\$7,750,000	CB&T ¹ : Tax-Exempt	\$7,750,000
CB&T ¹ : Taxable	\$1,250,000	CB&T ¹ : Taxable	\$1,250,000
USDA RD 515	\$2,342,068	USDA RD 515	\$2,342,068
Acquired Reserves	\$565,232	Acquired Reserves	\$565,232
Net Operating Income	\$84,515	Net Operating Income	\$34,158
Deferred Developer Fee	\$1,680,054	Deferred Developer Fee	\$125,447
Tax Credit Equity	\$3,258,720	Tax Credit Equity	\$4,866,817
		TOTAL	\$16,933,722

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

¹California Bank & Trust

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$9,882,655
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$4,438,690
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$9,882,655
Qualified Basis (Acquisition):	\$4,438,690
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$395,018
Maximum Annual Federal Credit, Acquisition:	\$177,548
Total Maximum Annual Federal Credit:	\$572,566
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,784,955
Federal Tax Credit Factor:	\$0.85000
State Tax Credit Factor:	\$0.70000

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

Pursuant to CTCAC Regulation Section 10326(g)(5), general partners and management companies lacking documented experience with Section 42 requirements using the minimum scoring standards at Section 10325(c)(2)(A) and (B) shall be required to complete training as prescribed by CTCAC prior to a project’s placing in service. The required CTCAC training for the general partner has been completed and the certification of completion has been received by CTCAC.

Prospect Avenue Senior, Prospect Villa (CA-88-093 [expired]), and Propect Villa III (CA-94-095) were originally built in the 1980s as three separate but adjacent projects. All three phases will be combined into one project, but will retain their respective sets of USDA utility allowances, one per phase.

CDLAC Analyst Comments: None.

Resyndication and Resyndication Transfer Event

Prior to closing, the applicant or its assignee shall obtain CTCAC's consent to assign and assume the existing Regulatory Agreement (CA-94-095). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

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 agreements for the duration of the new regulatory agreements.

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 agreement (CA-94-095) is a qualified low-income household for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on CTCAC staff’s review of the commitment in the application. The services documented in the placed in service package will be reviewed by CTCAC staff for compliance with this requirement at the time of the placed in service submission.

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	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: 251.638%