

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**Tax-Exempt Bond Project**

**January 15, 2020**

West LA VA Building 207, located at 11301 Wilshire Blvd., Building 207 in Los Angeles, requested and is being recommended for a reservation of \$1,312,504 in annual federal tax credits to finance the new construction of 59 units of housing serving special needs tenants with rents affordable to households earning 30% of area median income (AMI). The project will be developed by Thomas Safran & Associates Development, Inc. and is located in Senate District 26 and Assembly District 54.

The project will be receiving rental assistance in the form of HUD VASH Project-based Vouchers. The project financing includes state funding from the NPLH program of HCD.

**Project Number** CA-20-451

**Project Name** West LA VA Building 207  
Site Address: 11301 Wilshire Blvd., Building 207  
Los Angeles, CA 90073 County: Los Angeles  
Census Tract: 7011.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,312,504	\$0
Recommended:	\$1,312,504	\$0

**Applicant Information**

Applicant: VA Building 207 LP  
Contact: Blake Coddington  
Address: 11811 San Vicente Blvd., Suite 600  
Los Angeles, CA 90049  
Phone: (310) 820-2236  
Email: Blake@tsahousing.com

General Partner(s) or Principal Owner(s): VA Building 207 LLC  
West LA Veterans Collective, LLC  
Housing Corporation of America  
General Partner Type: Joint Venture  
Parent Company(ies): Thomas Safran & Associates  
Thomas Safran & Associates  
Housing Corporation of America  
Developer: Thomas Safran & Associates Development, Inc.  
Investor/Consultant: Bank of America  
Management Agent: Thomas Safran & Associates, Inc.

**Project Information**

Construction Type: Adaptive Reuse  
Total # Residential Buildings: 1  
Total # of Units: 60  
No. / % of Low Income Units: 59 100.00%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt / HUD VASH Project-based Vouchers (59 Units -100%)

**Bond Information**

Issuer: City of Los Angeles  
Expected Date of Issuance: September 14, 2020

**Information**

Housing Type: Special Needs  
Geographic Area: Balance of Los Angeles County  
TCAC Project Analyst: Tiffani Negrete

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI: 59	100%

**Unit Mix**

53 SRO/Studio Units  
6 1-Bedroom Units  
1 2-Bedroom Units  


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60 Total Units

<b>Unit Type &amp; Number</b>	<b>2019 Rents Targeted % of Area Median Income</b>	<b>2019 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
53 SRO/Studio	30%	30%	\$548
6 1 Bedroom	30%	30%	\$587
1 2 Bedrooms	Manager’s Unit	Manager’s Unit	\$896

**Project Cost Summary at Application**

Land and Acquisition	\$425,000
Construction Costs	\$20,721,900
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,643,363
Soft Cost Contingency	\$339,094
Relocation	\$0
Architectural/Engineering	\$1,453,920
Const. Interest, Perm. Financing	\$1,461,330
Legal Fees	\$165,000
Reserves	\$1,022,190
Other Costs	\$2,621,308
Developer Fee	\$2,500,000
Commercial Costs	\$0
<b>Total</b>	<b>\$33,353,105</b>

**Residential**

Construction Cost Per Square Foot:	\$412
Per Unit Cost:	\$555,885
True Cash Per Unit Cost*:	\$550,562

**Construction Financing****Permanent Financing**

Source	Amount	Source	Amount
Bank of America - T.E. Bonds	\$17,000,000	CCRC - T.E. Bonds	\$5,900,000
LAHCID - Prop HHH	\$6,260,000	LAHCID - Prop HHH	\$8,260,000
HCD - NPLH	\$5,750,000	HCD - NPLH	\$5,750,000
Deferred Reserves	\$1,022,190	Deferred Developer Fee	\$319,378
Deferred Developer Fee	\$2,100,000	Tax Credit Equity	\$13,123,727
Tax Credit Equity	\$1,220,915	<b>TOTAL</b>	<b>\$33,353,105</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$31,161,065
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$40,509,385
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$1,312,504
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	Bank of America
Federal Tax Credit Factor:	\$0.99990

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.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$31,161,065
Actual Eligible Basis:	\$31,161,065
Unadjusted Threshold Basis Limit:	\$15,199,117
Total Adjusted Threshold Basis Limit:	\$45,597,351

**Adjustments to Basis Limit**

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 200%

**Cost Analysis and Line Item Review**

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses meet or exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.24% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

**Significant Information / Additional Conditions**

The proposed rents do not include any utility allowance. The owner will pay for all utilities.

This project is the adaptive-reuse of a Salvation Army transitional facility into 59 units and a manager's unit for permanent supportive housing targeting senior veterans who are homeless and chronically homeless.

**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.

TCAC 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 TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC 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 TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC 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 TCAC in its final feasibility analysis.

**CDLAC Additional Conditions**

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.