CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 14, 2020

Silva Crossing, located at 12667 North San Fernando Road in Los Angeles, requested and is being recommended for a reservation of $1,096,487 in annual federal tax credits and $2,264,817 in total state tax credits to finance the new construction of 55 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 Meta Housing Corporation and will be located in Senate District 18 and Assembly District 39.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the NPLH program of HCD.

Project Number CA-20-529

Project Name Silva Crossing

Site Address:	12667 N. San Fernando Road	
	Los Angeles, CA 91342	County: Los Angeles
Census Tract:	1066.04	

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$1,096,487	$2,264,817
Recommended:	$1,096,487	$2,264,817

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant:	Sylmar II, LP
Contact:	Chris Maffris
Address:	11150 West Olympic Boulevard, Suite 620 Los Angeles, CA 90064
Phone:	(310) 575-3543
Email:	cmaffris@metahousing.com

General Partner(s) or Principal Owner(s):	Sylmar II, LLC LA Family Housing
General Partner Type:	Joint Venture
Parent Company(ies):	Meta Housing Corporation LA Family Housing Corporation
Developer:	Meta Housing Corporation
Investor/Consultant:	RBC Capital Markets
Management Agent:	The John Stewart Company

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	56
No. / % of Low Income Units:	55 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project Based Vouchers (55units - 100%)

Bond Information

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

Information

Housing Type:	Special Needs
Geographic Area:	City of Los Angeles
TCAC Project Analyst:	Prashil Keshav

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	55	100%

Unit Mix

53	SRO/Studio Units
3	1-Bedroom Units
56	Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
53	SRO/Studio	30%	20%	$372
2	1 Bedroom	30%	22%	$426
1	1 Bedroom	Manager’s Unit	Manager’s Unit	$2,026

Project Cost Summary at Application

Land and Acquisition	$2,001,090
Construction Costs	$18,133,723
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$1,541,366
Soft Cost Contingency	$250,000
Relocation	$0
Architectural/Engineering	$1,235,500
Const. Interest, Perm. Financing	$2,118,587
Legal Fees	$240,000
Reserves	$838,224
Other Costs	$1,625,974
Developer Fee	$2,250,000
Commercial Costs	$0
Total	**$30,234,464**

Residential

Construction Cost Per Square Foot:	$511
Per Unit Cost:	$539,901
True Cash Per Unit Cost*:	$539,171

Construction Financing

Source	Amount
Wells Fargo Bank	$16,200,000
HCIDLA - HHH Loan	$9,810,000
HCD - NPLH Loan	$1,782,000
Deferred Reserves	$838,224
Deferred Developer Fee	$1,105,339
Tax Credit Equity	$498,901

Permanent Financing

Source	Amount
CCRC	$1,676,945
HCIDLA - HHH Loan	$10,900,000
HCD - NPLH Loan	$5,940,000
Deferred Developer Fee	$40,875
Tax Credit Equity	$11,676,645
TOTAL	**$30,234,464**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$26,032,445
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$33,842,178
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	$1,096,487
Total State Credit:	$2,264,817
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,250,000
Investor/Consultant:	RBC Capital Markets
Federal Tax Credit Factor:	$0.91000
State Tax Credit Factor:	$0.75000

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:	$26,032,445
Actual Eligible Basis:	$26,032,445
Unadjusted Threshold Basis Limit:	$16,562,352
Total Adjusted Threshold Basis Limit:	$55,977,856

Adjustments to Basis Limit

Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages

Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 155%

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 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 estimated cost of the project is $537,171 per unit. The applicant noted the high per unit development cost is due to several factors including the costs of a parking infrastructure on a infill site, prevailing wage, and high labor and materials costs.

Resyndication and Resyndication Transfer Event: None.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

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.