

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
September 16, 2020

Talisa Apartments, located at 9502 Van Nuys Blvd. in Los Angeles, requested and is being recommended for a reservation of \$766,481 in annual federal tax credits to finance the new construction of 48 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 Domus Development, LLC and will be located in Senate District 18 and Assembly District 46.

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-20-614

Project Name Talisa Apartments
Site Address: 9502 Van Nuys Blvd.
 Los Angeles, CA 91402 County: Los Angeles
Census Tract: 1193.10

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$766,481	\$0
Recommended:	\$766,481	\$0

Applicant Information

Applicant: 9502 Van Nuys L.P.
Contact: Monique Hastings
Address: 9 Cushing, Suite 200
 Irvine, CA 92618
Phone: 949-923-7805
Email: mhastings@newportpartners.com

General Partner(s) or Principal Owner(s): 9502 VN GP LLC
 Domus GP LLC

General Partner Type: Joint Venture

Parent Company(ies): LA Family Housing Corporation

Developer: Domus Development, LLC

Investor/Consultant: Alliant Capital

Management Agent: Domus Management Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 49
 No. / % of Low Income Units: 48 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (48 units - 100%)

Bond Information

Issuer: Housing & Community Investment Department Los Angeles
 Expected Date of Issuance: November 1, 2020

Information

Housing Type: Special Needs
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Giovanni Martinez

55-Year Use / Affordability

Aggregate Targeting		Percentage of
Number of Units		Affordable Units
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30% AMI:	48	100%

Unit Mix

4 1-Bedroom Units
 44 2-Bedroom Units
 1 3-Bedroom Units

 49 Total Units

Unit Type & Number	2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
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4 1 Bedroom	30%	30%	\$633
44 2 Bedrooms	30%	30%	\$760
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,649,185
Construction Costs	\$16,926,017
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$852,979
Soft Cost Contingency	\$74,104
Relocation	\$0
Architectural/Engineering	\$796,526
Const. Interest, Perm. Financing	\$2,036,977
Legal Fees	\$165,000
Reserves	\$900,313
Other Costs	\$2,463,185
Developer Fee	\$2,968,724
Commercial Costs	\$0
Total	\$32,833,010

Residential

Construction Cost Per Square Foot:	\$380
Per Unit Cost:	\$670,061
True Cash Per Unit Cost*:	\$666,994

Construction Financing

Source	Amount
Citi Community Capital	\$17,013,196
HCIDLA - Prop HHH	\$10,560,000
HCD - NPLH	\$4,085,000
Deferred Developer Fee	\$480,418
Tax Credit Equity	\$694,396

Permanent Financing

Source	Amount
Citi Community Capital	\$6,540,000
HCIDLA - Prop HHH	\$10,560,000
HCD - NPLH	\$8,170,000
Deferred Developer Fee	\$150,328
General Partner Equity	\$468,724
Tax Credit Equity	\$6,943,958
TOTAL	\$32,833,010

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$24,959,270
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$24,959,270
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$766,481
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,968,724
Investor/Consultant:	Alliant Capital
Federal Tax Credit Factor:	\$0.90595

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:	\$24,959,270
Actual Eligible Basis:	\$24,959,270
Unadjusted Threshold Basis Limit:	\$19,827,168
Total Adjusted Threshold Basis Limit:	\$66,586,198

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

100% of the Low Income Units for Special Needs Population

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: 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 total development cost per unit is \$666,994. The applicant noted the cost is attributable to the high cost of construction in the Los Angeles market, land cost, supportive housing and service related costs, and payment of prevailing wages.

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.