CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 9, 2020

Corazón del Valle, located at 14545 Lanark Street in Panorama City, requested and is being recommended for a reservation of $1,811,502 in annual federal tax credit to finance the new construction of 88 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Clifford Beers Housing 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 AHSC program(s) of HCD.

Project Number	CA-20-714	
Project Name	Corazón del Valle	
Site Address:	14545 Lanark Street	
	Panorama City, CA 91402	County: Los Angeles
Census Tract:	1200.20	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,811,502	$0
Recommended:	$1,811,502	$0

Applicant Information

Applicant:	CDV, L.P.
Contact:	Audrey Peterson
Address:	11739 Victory Blvd North Hollywood, CA 91606
Phone:	213-316-0108
Email:	apeterson@chousing.org

General Partner(s) or Principal Owner(s):	CDV LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Clifford Beers Housing
Developer:	Clifford Beers Housing
Investor/Consultant:	Nancy Lewis Associates, Inc.
Management Agent:	Levine Management Group

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	90
No. / % of Low Income Units:	88 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (49 units - 54%)

Bond Information

Issuer:	Los Angeles County Development Authority
Expected Date of Issuance:	April 1, 2020

Information

Housing Type:	Large Family
Geographic Area:	City of Los Angeles
TCAC Project Analyst:	Jonghyun(Tommy), Shim

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	49	56%
50% AMI:	16	18%
60% AMI:	23	26%

Unit Mix

18	SRO/Studio Units
27	1-Bedroom Units
23	2-Bedroom Units
22	3-Bedroom Units
90	Total Units

Unit Type & Number		2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
18	SRO/Studio	30%	30%	$591
23	1 Bedroom	30%	30%	$633
5	2 Bedrooms	30%	30%	$760
3	3 Bedrooms	30%	30%	$878
3	1 Bedroom	50%	50%	$1,056
7	2 Bedrooms	50%	50%	$1,267
6	3 Bedrooms	50%	50%	$1,464
10	2 Bedrooms	60%	60%	$1,520
13	3 Bedrooms	60%	60%	$1,757
1	1 Bedroom	Manager’s Unit	Manager’s Unit	$0
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$843,962
Construction Costs	$30,580,563
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$3,111,839
Soft Cost Contingency	$285,000
Relocation	$0
Architectural/Engineering	$1,591,984
Const. Interest, Perm. Financing	$3,066,404
Legal Fees	$97,000
Reserves	$831,720
Other Costs	$1,879,730
Developer Fee	$5,303,413
Commercial Costs	$0
Total	**$47,591,615**

Residential

Construction Cost Per Square Foot:	$343
Per Unit Cost:	$528,796
True Cash Per Unit Cost*:	$528,796

Construction Financing

Source	Amount
Citibank -Tax Exempt	$27,000,000
Citibank	$3,924,093
LACDA	$6,950,000
CIT Bank-AHP loan	$1,000,000
Deferred Costs	$5,095,462
GP Equity	$100
Tax Credit Equity	$3,621,960

Permanent Financing

Source	Amount
Citibank	$5,447,135
LACDA	$7,000,000
HCD-AHSC	$15,943,197
CIT Bank-AHP loan	$1,000,000
GP Capital Contribution	$2,803,413
GP Equity	$100
Tax Credit Equity	$15,397,770
TOTAL	**$47,591,615**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$44,587,953
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$57,964,339
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	$1,811,502
Approved Developer Fee (in Project Cost & Eligible Basis):	$5,303,413
Investor/Consultant:	Nancy Lewis Associates, Inc.
Federal Tax Credit Factor:	$0.85000

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:	$44,587,953
Actual Eligible Basis:	$44,587,953
Unadjusted Threshold Basis Limit:	$35,285,880
Total Adjusted Threshold Basis Limit:	$93,507,582

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

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 18%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 110%

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

Staff noted a per unit development cost of $528,796, The applicant noted that the high per unit cost is attributed to demolition, environmental remediation, greywater system, labor compliance and jobs Coordination, GreenPoint certification, transition and rent reserves. The project must demolish the current two-story concrete structure prior to commencing grading and site construction.

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.