CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 28, 2021

West Carson Villas, located at 22801-22905 South Vermont Avenue in Torrance, requested and is being recommended for a reservation of $2,642,619 in annual federal tax credits to finance the new construction of 111 units of housing serving special needs tenants with rents affordable to households earning 15-60% of area median income (AMI). The project will be developed by PATH Ventures and will be located in Senate District 35 and Assembly District 66.

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 MHP program of HCD and local funding through NOFA Round 24-A of LACDA.

Project Number CA-21-500

Project Name West Carson Villas
Site Address: 22801-22905 South Vermont Avenue
Torrance, CA 90502 County: Los Angeles
Census Tract: 5436.02

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,642,619	$0
Recommended:	$2,642,619	$0

Applicant Information
Applicant: WCV MGP, LLC
Contact: Lois Starr
Address: 340 North Madison Avenue
Los Angeles, CA 90004
Phone: 310-488-4095
Email: LoisS@pathventures.org

General Partner(s) or Principal Owner(s): WCV MGP, LLC
General Partner Type: Nonprofit
Developer: PATH Ventures
Investor/Consultant: California Housing Partnership Corporation
Management Agent: The John Stewart Company

Project Information
Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 111
No. / % of Low Income Units: 110 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD Project Based Vouchers (75 Units - 68%)

Bond Information

Issuer:	Los Angeles County Development Authority
Expected Date of Issuance:	October 1, 2021

Information

Housing Type:	Special Needs
Geographic Area:	Balance of Los Angeles County
TCAC Project Analyst:	Franklin Cui

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
15% AMI:	**7**	6%
20% AMI:	36	33%
30% AMI:	20	18%
40% AMI:	12	11%
50% AMI:	9	8%
60% AMI:	26	24%

Unit Mix

47	1-Bedroom Units
52	2-Bedroom Units
12	3-Bedroom Units
111	Total Units

Unit Type & Number		2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
5	1 Bedroom	15%	15%	$317
2	2 Bedrooms	15%	15%	$380
23	1 Bedroom	20%	20%	$422
12	2 Bedrooms	20%	20%	$507
1	3 Bedrooms	20%	20%	$586
9	1 Bedroom	30%	30%	$634
9	2 Bedrooms	30%	30%	$760
2	3 Bedrooms	30%	30%	$878
3	1 Bedroom	40%	40%	$845
7	2 Bedrooms	40%	40%	$1,014
2	3 Bedrooms	40%	40%	$1,171
2	1 Bedroom	50%	46%	$979
6	2 Bedrooms	50%	46%	$1,175
1	3 Bedrooms	50%	46%	$1,357
5	1 Bedroom	60%	56%	$1,175
15	2 Bedrooms	60%	56%	$1,410
6	3 Bedrooms	60%	56%	$1,629
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$8,859,385
Construction Costs	$36,817,038
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$3,701,774
Soft Cost Contingency	$253,154
Relocation	$40,000
Architectural/Engineering	$2,408,150
Const. Interest, Perm. Financing	$3,577,635
Legal Fees	$248,000
Reserves	$1,081,616
Other Costs	$3,470,067
Developer Fee	$2,500,000
Commercial Costs	$0
Total	**$62,956,819**

Residential

Construction Cost Per Square Foot:	$303
Per Unit Cost:	$567,179
True Cash Per Unit Cost*:	$567,179

Construction Financing

Source	Amount
Chase Bank - Tax Exempt	$31,768,000
Chase Bank	$13,316,185
LACDA	$12,175,000
Cost Deferred Until Conversion	$2,379,626
General Partner Contribution	$100
Tax Credit Equity	$3,317,908

Permanent Financing

Source	Amount
Chase Bank	$7,699,000
LACDA	$12,175,000
HCD - MHP	$20,000,000
General Partner Contribution	$100
Tax Credit Equity	$23,082,719
TOTAL	**$62,956,819**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$50,819,589
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$66,065,466
Applicable Rate:	4.00%
Total Annual Federal Credit:	$2,642,619
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,500,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$0.87348

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:	$50,819,589
Actual Eligible Basis:	$50,819,589
Unadjusted Threshold Basis Limit:	$48,398,239
Total Adjusted Threshold Basis Limit:	$127,891,838

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 – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 19%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 114%

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 4.00% 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: None

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.