

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report Tax-Exempt Bond Project August 11, 2021

Central Apartments, located at 2106, 2108, 2112 South Central Avenue in Los Angeles, requested and is being recommended for a reservation of \$1,541,586 in annual federal tax credits to finance the new construction of 56 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 Highridge Costa Development Company and will be located in Senate District 30 and Assembly District 59.

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

Project Number CA-21-544

Project Name Central Apartments
Site Address: 2106, 2108, 2112 South Central Avenue
Los Angeles CA, 90011 County: Los Angeles
Census Tract: 2270.10

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,541,586	\$0
Recommended:	\$1,541,586	\$0

Applicant Information

Applicant: Central Avenue Housing, LP
Contact: Mohannad H. Mohanna
Address: 330 W Victoria Street
Gardena CA, 90248
Phone: (424) 258-2912
Email: moe.mohanna@housingpartners.com

General Partner(s) or Principal Owner(s): WCH Affordable XXXVI, LLC
Highridge Costa Development Company, LLC
General Partner Type: Joint Venture
Parent Company(ies): Western Community Housing, Inc.
Highridge Costa Housing Partners, LLC
Developer: Highridge Costa Development Company
Bond Issuer: HCIDLA
Investor/Consultant: Victoria Capital, LLC
Management Agent: FPI Management

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	57
No. / % of Low Income Units:	56 100.00%
Federal Set-Aside Elected:	20%/50%
Federal Subsidy:	Tax-Exempt / HACLA VASH Project-based Vouchers (42 units - 75%) / HACLA Project-based Vouchers (14 units - 25%)

Information

Housing Type:	Special Needs
Geographic Area:	City of Los Angeles
TCAC Project Analyst:	Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
30% AMI: 56	100%

Unit Mix

56 SRO/Studio Units
1 1-Bedroom Units
<u>57 Total Units</u>

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
42 SRO/Studio	30%	\$621
14 SRO/Studio	30%	\$621
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,283,126
Construction Costs	\$19,713,315
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$935,922
Soft Cost Contingency	\$250,000
Relocation	\$0
Architectural/Engineering	\$1,735,000
Const. Interest, Perm. Financing	\$2,736,480
Legal Fees	\$400,000
Reserves	\$605,022
Other Costs	\$1,411,916
Developer Fee	\$3,490,505
Commercial Costs	\$0
Total	\$35,561,286

Residential

Construction Cost Per Square Foot:	\$675
Per Unit Cost:	\$623,882
True Cash Per Unit Cost*:	\$607,224

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank	\$17,974,656	Citibank	\$5,026,590
Proposition HHH	\$4,166,454	Proposition HHH	\$7,840,000
No Place Like Home	\$5,940,000	No Place Like Home	\$5,940,000
Deferred Costs	\$3,673,198	Deferred Developer Fee	\$949,546
Tax Credit Equity	\$3,806,978	General Partner Equity	\$990,505
		Tax Credit Equity	\$14,814,645
		TOTAL	\$35,561,286

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$29,653,159
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$38,549,107
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,541,586
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,490,505
Investor/Consultant:	Victoria Capital, LLC
Federal Tax Credit Factor:	\$0.96100

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.

Significant Information / Additional Conditions:

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

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.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

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.