

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**Tax-Exempt Bond Project**

**August 11, 2021**

Lumina, located at 10243 Topanga Canyon Boulevard in Chatsworth, requested and is being recommended for a reservation of \$1,356,383 in annual federal tax credits to finance the new construction of 54 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 Affirmed Housing Group, Inc. and will be located in Senate District 27 and Assembly District 38.

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

**Project Number** CA-21-546

**Project Name** Lumina  
Site Address: 10243 Topanga Canyon Blvd.  
Chatsworth, CA 91311 County: Los Angeles  
Census Tract: 1132.13

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,356,383	\$0
Recommended:	\$1,356,383	\$0

**Applicant Information**

Applicant: Topanga Canyon, SH, L.P.  
Contact: Jimmy Silverwood  
Address: 13520 Evening Creek Dr. N, Suite 160  
San Diego, CA 92128  
Phone: (858) 679-2828  
Email: james@affirmedhousing.com

General Partner(s) or Principal Owner(s):	AHG Topanga Canyon, LLC Compass For Affordable Housing
General Partner Type:	Joint Venture
Parent Company(ies):	Affirmed Housing Group, Inc. Compass For Affordable Housing
Developer:	Affirmed Housing Group, Inc.
Bond Issuer:	HCIDLA
Investor/Consultant:	WNC, Inc.
Management Agent:	Solari Enterprises, Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 55  
 No. / % of Low Income Units: 54 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax Exempt / Project-based vouchers (54 units - 100%)

**Information**

Housing Type: Special Needs  
 Geographic Area: City of Los Angeles  
 TCAC Project Analyst: Brett Andersen

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI: 54	100%

**Unit Mix**

54 SRO/Studio Units
1 2-Bedroom Units
55 Total Units

<b>Unit Type &amp; Number</b>	<b>2021 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
54 SRO/Studio	30%	\$621
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$2,145,059
Construction Costs	\$18,125,625
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,352,270
Soft Cost Contingency	\$381,445
Relocation	\$0
Architectural/Engineering	\$1,145,000
Const. Interest, Perm. Financing	\$2,331,315
Legal Fees	\$245,000
Reserves	\$788,043
Other Costs	\$1,184,625
Developer Fee	\$2,400,000
Commercial Costs	\$0
<b>Total</b>	<b>\$30,098,382</b>

**Residential**

Construction Cost Per Square Foot:	\$678
Per Unit Cost:	\$547,243
True Cash Per Unit Cost*:	\$543,443

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
Banner Bank - tax exempt	\$15,408,820	Banner Bank	\$2,999,434
Banner Bank - taxable	\$4,107,254	HHH Funding - HCIDLA	\$7,560,000
HHH Funding - HCIDLA	\$5,292,000	HCD VHHP	\$7,110,262
Costs Deferred Until Perm	\$3,051,284	Deferred Developer Fee	\$209,036
Tax Credit Equity	\$2,239,024	Tax Credit Equity	\$12,219,650
		<b>TOTAL</b>	<b>\$30,098,382</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$26,084,280
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$33,909,564
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,356,383
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,400,000
Investor/Consultant:	WNC, Inc.
Federal Tax Credit Factor:	\$0.90090

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 applicant’s estimate of contractor profit, overhead and general requirement costs exceed the TCAC limit of 14%. The applicant is cautioned that at final review, prior to the issuance of the IRS 8609 forms, any costs or eligible basis that exceeds the limits will not be allowed.

Owner has agreed to pay all utilities for the project, therefore a utility allowance will be not required.

Development costs are estimated at \$547,243 per unit. The main factor in the high cost is the real estate costs inherent to building in the City of Los Angeles, as well as the specific location of the project. The project is also located in a high resource area, exceeds minimum parking requirements, is required to pay prevailing wages, and had to adjust for increased cost of both lumber and insurance.

**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.