CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 11, 2021

Montesquieu Manor PSH, located at 316 N. Juanita Avenue in Los Angeles, requested and is being recommended for a reservation of $1,254,809 in annual federal tax credits and $1,380,000 in total state tax credits to finance the new construction of 52 units of housing serving special needs tenants with rents affordable to households earning 20-30% of area median income (AMI). The project will be developed by Pacific West Communities and will be located in Senate District 24 and Assembly District 53.

The project financing includes state funding from the NPLH program of HCD.

Project Number	CA-21-547	
Project Name	Montesquieu Manor PSH	
Site Address:	316 N. Juanita Avenue	
	Los Angeles, CA 90004	County: Los Angeles
Census Tract:	1927.00	

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$1,254,809	$1,380,000
Recommended:	$1,254,809	$1,380,000

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant:	Montesquieu Manor Associates, a California Limited Partnership
Contact:	Caleb Roope
Address:	430 E. State Street, Suite 100 Eagle, ID 83616
Phone:	208.461.0022
Email:	calebr@tpchousing.com

General Partner(s) or Principal Owner(s):	TPC Holdings IX, LLC Flexible PSH Solutions, Inc.
General Partner Type:	Joint Venture
Parent Company(ies):	The Pacific Companies Flexible PSH Solutions, Inc.
Developer:	Pacific West Communities, Inc.
Bond Issuer:	Los Angeles HCID
Investor/Consultant:	Boston Financial Investment Management
Management Agent:	The John Stewart Company

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	1	
Total # of Units:	53	
No. / % of Low Income Units:	52	100.00%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt	

Information

Housing Type:	Special Needs
Geographic Area:	City of Los Angeles
TCAC Project Analyst:	Nick White

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
20% AMI:	30	58%
30% AMI:	22	42%

Unit Mix

52	SRO/Studio Units
1	2-Bedroom Units
53	Total Units

Unit Type & Number		2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
30	SRO/Studio	20%	$414
10	SRO/Studio	30%	$621
12	SRO/Studio	30%	$621
1	2 Bedrooms	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$4,222,000
Construction Costs	$15,470,307
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$2,078,000
Soft Cost Contingency	$300,000
Relocation	$0
Architectural/Engineering	$935,000
Const. Interest, Perm. Financing	$1,310,120
Legal Fees	$70,000
Reserves	$712,184
Other Costs	$866,154
Developer Fee	$3,147,514
Commercial Costs	$0
Total	**$29,111,279**

Residential

Construction Cost Per Square Foot:	$408
Per Unit Cost:	$549,269
True Cash Per Unit Cost*:	$513,467.26

Construction Financing

Source	Amount
California Bank and Trust	$15,000,000
County NPLH	$9,792,000
Deferred Developer Fee	$2,647,514
Deferred Costs	$712,184
Tax Credit Equity	$959,581

Permanent Financing

Source	Amount
County NPLH	$10,340,000
HHH Loan	$4,952,000
Deferred Developer Fee	$1,897,514
Tax Credit Equity	$11,921,765
TOTAL	**$29,111,279**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$24,130,941
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$31,370,223
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	$1,254,809
Total State Credit:	$1,380,000
Approved Developer Fee (in Project Cost & Eligible Basis):	$3,147,514
Investor/Consultant:	Boston Financial Investment Management
Federal Tax Credit Factor:	$0.85991
State Tax Credit Factor:	$0.81992

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: 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.

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.