

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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

Santa Monica & Vermont Apartments, located at 4718-4722 Santa Monica Boulevard, 1015-1041 N. Vermont Avenue and 1020-1026 N. New Hampshire Avenue in Los Angeles, requested and is being recommended for a reservation of \$3,248,134 in annual federal tax credits to finance the new construction of 185 units of housing serving special needs tenants with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by LTSC Community Development Corporation and will be located in Senate District 24 and Assembly District 43.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from HCD's TOD, AHSC and IIG programs.

Project Number CA-21-551

Project Name Santa Monica & Vermont Apartments
Site Addresses: 4718-4722 Santa Monica Boulevard,
1015-1041 N. Vermont Avenue and
1020-1026 N. New Hampshire Avenue
Census Tract: Los Angeles, CA 90029 County: Los Angeles
1915.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,248,134	\$0
Recommended:	\$3,248,134	\$0

Applicant Information

Applicant: SMV Housing, L.P.
Contact: Erich Nakano
Address: 231 E. Third Street, Suite G106
Los Angeles, CA 90013
Phone: 213-473-1685
Email: enakano@ltsc.org

General Partner(s) or Principal Owner(s):	SMV Housing LLC
General Partner Type:	Nonprofit
Parent Company(ies):	LTSC Community Development Corporation
Developer:	LTSC Community Development Corporation
Bond Issuer:	City of Los Angeles
Investor/Consultant:	Bank of America N.A.
Management Agent:	The John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 2
 Total # of Units: 187
 No. / % of Low Income Units: 185 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers
 (94 units - 50%)

Information

Housing Type: Special Needs
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	94	51%
50% AMI:	91	49%

Unit Mix

57 SRO/Studio Units
81 1-Bedroom Units
44 2-Bedroom Units
5 3-Bedroom Units
187 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
43 SRO/Studio	30%	\$621
51 1 Bedroom	30%	\$665
14 SRO/Studio	50%	\$1,035
30 1 Bedroom	50%	\$1,108
42 2 Bedrooms	50%	\$1,330
5 3 Bedrooms	50%	\$1,536
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$12,898,898
Construction Costs	\$62,848,276
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,174,218
Soft Cost Contingency	\$488,236
Relocation	\$0
Architectural/Engineering	\$3,798,699
Const. Interest, Perm. Financing	\$7,819,477
Legal Fees	\$346,840
Reserves	\$2,398,422
Other Costs	\$4,920,180
Developer Fee	\$2,500,000
Commercial Costs	\$13,245,663
Total	\$114,438,909

Residential

Construction Cost Per Square Foot:	\$479
Per Unit Cost:	\$539,364
True Cash Per Unit Cost*:	\$539,364

Construction Financing

Source	Amount
Bank of America Tax-Exempt Loan	\$56,000,000
Bank of America Taxable Loan	\$12,075,084
HCD - IIG	\$6,366,216
HCIDLA - HHH	\$22,800,000
Deferred Expenses	\$3,082,422
Deferred Developer Fees	\$1,843,055
Tax Credit Equity	\$12,272,132

Permanent Financing

Source	Amount
CCRC	\$22,482,380
HCD - AHSC	\$20,000,000
HCD - TOD	\$10,000,000
HCD - IIG	\$6,366,216
HCIDLA - HHH	\$24,000,000
Tax Credit Equity	\$31,590,313
TOTAL	\$114,438,909

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$81,211,487
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$81,211,487
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,248,134
Approved Developer Fee in Project Cost:	\$2,500,000
Approved Developer Fee in Eligible Basis:	\$2,167,750
Investor/Consultant:	Bank of America N.A.
Federal Tax Credit Factor:	\$0.97257

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 estimated cost of the project is \$539,000 per unit. The applicant noted the cost is due to holding costs of the site, use of prevailing wages, LEED energy efficiency standard required by state funding source, and design elements required to accommodate the site's topography and the site's location adjacent to an underground Metro station.

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.