

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 Second Round

October 20, 2021

Lucena on Court, located at 1919 W. Court Street in Los Angeles, requested and is being recommended for a reservation of \$2,069,100 in annual federal tax credits and \$3,400,000 in total state tax credits to finance the new construction of 45 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Meta Development, LLC and will be located in Senate District 24 and Assembly District 51.

Project Number CA-21-094

Project Name Lucena on Court
Site Address: 1919 W. Court Street
Los Angeles, CA 90026 County: Los Angeles
Census Tract: 2040.020

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,069,100	\$3,400,000
Recommended:	\$2,069,100	\$3,400,000

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: BTICS, L.P.
Contact: Melissa Vincent
Address: 384 Forest Avenue, Suite 14
Laguna Beach, CA 92651
Phone: 310-575-3543
Email: cmaffris@metahousing.com

General Partner(s) / Principal Owner(s): FFAH V Lucena on Court, LLC
BTICS, LLC
General Partner Type: Joint Venture
Parent Company(ies): BTICS, LLC
Foundation for Affordable Housing
Developer: Meta Development, LLC
Investor/Consultant: Redstone Equity
Management Agent(s): WSH Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 46
No. & % of Tax Credit Units: 45 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: N/A

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: City of Los Angeles
TCAC Project Analyst: Jonghyun(Tommy), Shim

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 9	20%
At or Below 50% AMI: 18	40%
At or Below 60% AMI: 18	40%

Unit Mix

16 1-Bedroom Units
12 2-Bedroom Units
18 3-Bedroom Units
46 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
5 1 Bedroom	30%	\$665
4 1 Bedroom	50%	\$1,108
7 1 Bedroom	60%	\$1,330
2 2 Bedrooms	30%	\$798
3 2 Bedrooms	50%	\$1,268
1 2 Bedrooms	50%	\$1,330
5 2 Bedrooms	60%	\$1,521
2 3 Bedrooms	30%	\$922
8 3 Bedrooms	50%	\$1,408
2 3 Bedrooms	50%	\$1,536
6 3 Bedrooms	60%	\$1,689
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$131,500
Construction Costs	\$15,138,234
Rehabilitation Costs	\$0
Construction Contingency	\$971,912
Relocation	\$0
Architectural/Engineering	\$1,508,000
Const. Interest, Perm. Financing	\$1,727,553
Legal Fees	\$215,000
Reserves	\$152,065
Other Costs	\$1,678,153
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$23,722,417

Residential

Construction Cost Per Square Foot:	\$322
Per Unit Cost:	\$515,705
True Cash Per Unit Cost*:	\$514,435

Construction Financing

<u>Source</u>	<u>Amount</u>
CitiBank, N.A.	\$18,000,000
Deferred Operating Reserve	\$152,065
Deferred Developer Fee	\$1,343,353
Tax Credit Equity	\$4,226,998

Permanent Financing

<u>Source</u>	<u>Amount</u>
CitiBank, N.A.	\$2,529,000
Deferred Developer Fee	\$58,427
Tax Credit Equity	\$21,134,990
TOTAL	\$23,722,417

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$22,989,996
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$22,989,996
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,069,100
Total State Credit:	\$3,400,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Redstone Equity
Federal Tax Credit Factor:	\$0.88178
State Tax Credit Factor:	\$0.85000

The “as if vacant” land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

Initial:	Letter of Support
First:	Large Family
Final:	1.544%

Significant Information / Additional Conditions

Staff noted a per unit development cost of \$515,705. The applicant noted that the per unit cost is attributed to infill development, subterranean garage, and increased materials costs caused by supply chain disruptions.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(I)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1 mile of a public middle school	2	2	2
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
After school program for school age children, minimum of 6 hours/week	3	3	3
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.