CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 8, 2021

Building 209, located at 11301 Wilshire Bouldevard VA Campus Building 209 in Los Angeles, requested and is being recommended for a reservation of $585,352 in annual federal tax credits to finance the acquisition and rehabilitation of 54 units of housing serving special needs tenants with rents affordable to households earning 50% of area median income (AMI). The project will be developed by Friendship for Affordable Housing LLC and is located in Senate District 26 and Assembly District 54.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

Project Number CA-21-751

Project Name Building 209
Site Address: 11301 Wilshire Boulevard VA Campus Building 209
Los Angeles, CA 90049 County: Los Angeles
Census Tract: 7011.00

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$585,352	$0
Recommended:	$585,352	$0

Applicant Information
Applicant: Building 209 Preservation, LP
Contact: Ari Majer
Address: 5967 West 3rd St. Suite 102
Los Angeles, CA 90036
Phone: (323) 839-9135
Email: amajer@ffahousing.com

General Partner(s) or Principal Owner(s): Step Up on Second, Inc.
Building 209 Preservation LLC
Redeem Affordable Communities
General Partner Type: Joint Venture
Parent Company(ies): Step Up on Second, Inc.
Friendship for Affordable Housing LLC (FFAH)
Redeem Affordable Communities
Developer: Friendship for Affordable Housing LLC (FFAH)
Bond Issuer: Cal-HFA
Investor/Consultant: Alliant Capital
Management Agent: Step Up on Second

Project Information

Construction Type:	Acquisition & Rehabilitation	
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 / HUD Project Based Contract (54 Units-100%)	

Information

Housing Type:	Special Needs
Geographic Area:	City of Los Angeles
TCAC Project Analyst:	Franklin Cui

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	54	100%

Unit Mix

32	SRO/Studio Units
23	1-Bedroom Units
55	Total Units

Unit Type & Number		2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
32	SRO/Studio	50%	$1,035
22	1 Bedroom	50%	$1,108
1	1 Bedroom	Manager's Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$11,000,000
Construction Costs	$0
Rehabilitation Costs	$3,590,694
Construction Hard Cost Contingency	$502,123
Soft Cost Contingency	$250,000
Relocation	$165,000
Architectural/Engineering	$319,000
Const. Interest, Perm. Financing	$1,560,787
Legal Fees	$570,000
Reserves	$483,192
Other Costs	$400,740
Developer Fee	$1,928,000
Commercial Costs	$0
Total	**$20,769,536**

Residential

Construction Cost Per Square Foot:	$120
Per Unit Cost:	$377,628
True Cash Per Unit Cost*:	$235,758

Construction Financing

Source	Amount
Redstone	$9,700,000
Seller Carryback	$7,700,000
General Partner Loan	$1,800,000
Tax Credit Equity	$538,524

Permanent Financing

Source	Amount
Redstone	$5,840,000
Seller Carryback	$7,700,000
General Partner Loan	$1,800,000
Deferred Developer fee	$102,833
Tax Credit Equity	$5,326,703
TOTAL	**$20,769,536**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$7,415,263
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	$7,370,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$7,415,263
Qualified Basis (Acquisition):	$7,370,000
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$290,552
Maximum Annual Federal Credit, Acquisition:	$294,800
Total Maximum Annual Federal Credit:	$585,352
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,928,000
Investor/Consultant:	Alliant Capital

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:
This project is the acquisition and rehabilitation of a vacant office building (Building 209) that is part of the U.S. Department of Veterans Affairs (VA) West Los Angeles Veterans Administration Campus. The building will be converted into 54 units of affordable housing owned by the applicant, with the land leased from the VA. At Preliminary Reservation, the Enhanced-Use Lease (EUL) from the Department of Veteran Affairs has been assessed to be acceptable as a form of site control verifying the applicant (the lessee) has direct site control and eligibility for tax credits for existing improvements. By placed-in-service, the VA has agreed to revise the language to make clear the lessee is in ownership of the improvements during the lease term. If the applicant submits an application at the placed-in-service review with the revised EUL by the VA for both rehabilitation and acquisition eligible basis and their corresponding tax credits, the acquisition eligible basis and acquisition tax credits will be limited to no more than what the applicant presented to TCAC in their original acquisition and rehabilitation

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.