

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
December 8, 2021**

Montecito II Senior Housing, located at 6650-6668 W. Franklin Avenue and 1850 N. Cherokee Avenue in Hollywood, requested and is being recommended for a reservation of \$2,040,271 in annual federal tax credits to finance the new construction of 63 units of housing serving seniors and special needs tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Thomas Safran & Associates, Development Inc. and will be located in Senate District 26 and Assembly District 50.

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

**Project Number** CA-21-762

**Project Name** Montecito II Senior Housing  
Site Address: 6650-6668 W. Franklin Ave and 1850 N. Cherokee Ave  
Hollywood, CA 90028 County: Los Angeles  
Census Tract: 1902.02

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,040,271	\$0
Recommended:	\$2,040,271	\$0

**Applicant Information**

Applicant: Montecito II Senior Housing, LP  
Contact: Jordan Pynes  
Address: 11811 San Vicente Boulevard, Suite 600  
Los Angeles, CA 90049  
Phone: 310-820-4888  
Email: Jordan@tsahousing.com

General Partner(s) or Principal Owner(s): Montecito II Senior Housing LLC  
Housing Corporation of America  
General Partner Type: Joint Venture  
Parent Company(ies): Thomas Safran & Associates, Development Inc.  
Housing Corporation of America  
Developer: Thomas Safran & Associates, Development Inc.  
Bond Issuer: City of LA  
Investor/Consultant: R4 Capital Funding LLC  
Management Agent: Thomas Safran & Associates, Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 64  
 No. / % of Low Income Units: 63 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt/ HOME/ HUD Section 8 Project-based Vouchers  
 (32 Units - 51%)

**Information**

Housing Type: Special Needs  
 Geographic Area: Balance of Los Angeles County  
 TCAC Project Analyst: Jonghyun(Tommy), Shim

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 32	51%
60% AMI: 31	49%

**Unit Mix**

64 SRO/Studio Units  
 64 Total Units

<u>Unit Type &amp; Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
31 SRO/Studio	60%	\$1,242
32 SRO/Studio	30%	\$621
1 SRO/Studio	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$398,000
Construction Costs	\$25,579,131
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,590,139
Soft Cost Contingency	\$468,588
Relocation	\$1,200
Architectural/Engineering	\$1,172,160
Const. Interest, Perm. Financing	\$2,541,098
Legal Fees	\$340,000
Reserves	\$207,340
Other Costs	\$2,882,438
Developer Fee	\$5,117,736
Commercial Costs	\$0
<b>Total</b>	<b>\$41,297,830</b>

**Residential**

Construction Cost Per Square Foot:	\$738
Per Unit Cost:	\$645,279
True Cash Per Unit Cost*:	\$603,491

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
R4 Capital	\$22,150,000	R4 Capital	\$4,485,000
LAHCID - HHH	\$10,140,000	City of LA - HOME	\$2,954,860
LACDA - NPLH	\$2,860,000	LAHCID - HHH	\$10,140,000
Deferred Developer Fee	\$3,975,076	LACDA - NPLH	\$2,860,000
Tax Credit Equity	\$2,172,754	AHP	\$945,000
		GP Capital Contribution	\$2,617,736
		Deferred Developer Fee	\$56,677
		Tax Credit Equity	\$17,238,557
		<b>TOTAL</b>	<b>\$41,297,830</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$39,235,977
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$51,006,770
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,040,271
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,117,736
Investor/Consultant:	R4 Capital Funding LLC
Federal Tax Credit Factor:	\$0.84492

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 proposed 64-unit project will be built on land currently restricted by an existing tax credit project (CA-2011-815) The Montecito Apartments (phase 1). The .78 acre parcel will be subdivided into two separate parcels prior to closing. Once divided, this new parcel (The Montecito Phase 2) will consist of .413 acres. Prior to the project placing in service, all lot line adjustments shall be completed followed by a Partial Termination Agreement to the existing Regulatory Agreement (CA-11-815). A new legal description will be established for the remaining parcel and the existing Regulatory Agreement (CA-11-815) legal description will be amended.

The phases will be located next to each other and will share the community room, fitness room and community garden with The Montecito Apartments (phase 1) residents, there will not be shared parking. Both phases are under the control of Housing Corporation of America and will share community facilities. Prior to the start of construction, all necessary agreements shall be in place to ensure that Phase II has sufficient access to the required space. The Joint Use Agreement shall be provided in the placed in service submission.

**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.