

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

2400 Long Beach, located at 2400, 2450 and 2490 Long Beach Boulevard in Long Beach, requested and is being recommended for a reservation of \$4,017,742 in annual federal tax credits to finance the new construction of 192 units of housing serving large families with rents affordable to households earning 30-70% of area median income (AMI). The project requested \$10,500,000 in state tax credits, but due to the limited availability, is not being recommended any state tax credits. The project will be developed by Meta Development and will be located in Senate District 33 and Assembly District 70.

Project Number CA-21-685

Project Name 2400 Long Beach
Site Address: 2400, 2450 and 2490 Long Beach Boulevard
 Long Beach CA 90806 County: Los Angeles
Census Tract: 5732.01

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$4,017,742	\$10,500,000
Recommended:	\$4,017,742	\$0

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

Applicant Information

Applicant: 2400 Long Beach, L.P.
Contact: Chris Maffris
Address: 11150 W. Olympic Boulevard, Suite 620
 Los Angeles CA 90064
Phone: (310) 575-3543
Email: cmaffris@metahousing.com

General Partner(s) or Principal Owner(s): 2400 Long Beach, LLC
 FFAH V 2400 Long Beach, LLC

General Partner Type: Joint Venture

Parent Company(ies): Meta Development, LLC
 FFAH V, Inc.

Developer: Meta Development, LLC

Bond Issuer: California Municipal Finance Authority

Investor/Consultant: Red Stone Equity Partners

Management Agent: WSH Management, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 2
 Total # of Units: 194
 No. / % of Low Income Units: 192 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: Balance of Los Angeles County
 TCAC Project Analyst: Nick White

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 20	10%
50% AMI: 20	10%
60% AMI: 72	38%
70% AMI: 80	42%

Unit Mix

96 1-Bedroom Units
 50 2-Bedroom Units
48 3-Bedroom Units
 194 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
10 1 Bedroom	30%	\$665
10 1 Bedroom	50%	\$1,108
54 1 Bedroom	60%	\$1,330
22 1 Bedroom	70%	\$1,551
5 2 Bedrooms	30%	\$798
5 2 Bedrooms	50%	\$1,330
9 2 Bedrooms	60%	\$1,596
29 2 Bedrooms	70%	\$1,862
5 3 Bedrooms	30%	\$922
5 3 Bedrooms	50%	\$1,536
9 3 Bedrooms	60%	\$1,843
29 3 Bedrooms	70%	\$2,150
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$11,087,617
Construction Costs	\$51,700,331
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$4,525,753
Soft Cost Contingency	\$500,000
Relocation	\$0
Architectural/Engineering	\$2,172,720
Const. Interest, Perm. Financing	\$6,317,232
Legal Fees	\$295,000
Reserves	\$760,613
Other Costs	\$4,577,880
Developer Fee	\$10,077,948
Commercial Costs	\$0
Total	\$92,015,094

Residential

Construction Cost Per Square Foot:	\$328
Per Unit Cost:	\$474,305
True Cash Per Unit Cost*:	\$437,146

Construction Financing

Source	Amount
Pacific Western Bank Tax Exempt	\$44,500,000
Pacific Western Bank - Taxable Tail	\$20,900,000
Pacific Western Bank Recycled	\$7,500,000
Deferred Operating Reserve	\$760,613
Deferred Developer Fee and Cost	\$8,750,417
Tax Credit Equity	\$9,604,065

Permanent Financing

Source	Amount
Pacific Western Bank	\$36,786,000
Deferred Developer Fee	\$7,208,771
State Credit Backfill (TBD)	\$9,450,000
Tax Credit Equity	\$38,570,323
TOTAL	\$92,015,094

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$77,264,270
130% High Cost Adjustment:	Yes
Requested Eligible Basis:	\$0
Applicable Fraction:	100.00%
Qualified Basis:	\$100,443,551
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,017,742
Total State Credit:	\$0
Approved Developer Fee (in Project Cost & Eligible Basis):	\$10,077,948
Investor/Consultant:	Red Stone Equity Partners
Federal Tax Credit Factor:	\$0.96000
State Tax Credit Factor:	\$0.90000

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 applicant's estimate for annual operating expenses per unit is below the \$6,000 published per unit operating expense minimum required for this type of project. As allowed by TCAC Regulation Section 10327(g)(1), TCAC approves the annual per unit operating expense total of \$5,953 in agreement with the permanent lender and equity investor.

Resyndication and Resyndication Transfer Event: None

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

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.