

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2022 First Round**

**June 15, 2022**

Red Tail Crossing, located at 8333 S. Airport Boulevard in Los Angeles, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$12,488,887 in total state tax credits to finance the new construction of 100 units of housing serving large families with rents affordable to households earning 20%-70% of area median income (AMI). The project will be developed by Community Corporation of Santa Monica and will be located in Senate District 26 and Assembly District 62.

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 Multifamily Housing Program (MHP) of the California Department of Housing and Community Development (HCD).

**Project Number** CA-22-025

**Project Name** Red Tail Crossing  
**Site Address:** 8333 S. Airport Boulevard  
Los Angeles, CA 90045 County: Los Angeles  
**Census Tract:** 2760.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,500,000	\$12,488,887
Recommended:	\$2,500,000	\$12,488,887

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

**Applicant Information**

**Applicant:** Community Corporation of Santa Monica  
**Contact:** Tucker Franz  
**Address:** 1423 2nd Street, Suite B  
Santa Monica, CA 90401  
**Phone:** 310.394.8487  
**Email:** tfranz@communitycorp.org

**General Partner(s) / Principal Owner(s):** CCSM Airport, LLC  
**General Partner Type:** Nonprofit  
**Parent Company(ies):** Community Corporation of Santa Monica  
**Developer:** Community Corporation of Santa Monica  
**Investor/Consultant:** National Equity Fund  
**Management Agent(s):** Community Corporation of Santa Monica

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 102  
 No. & % of Tax Credit Units: 100 100%  
 Federal Set-Aside Elected: 40%/60% Average Income  
 Federal Subsidy: HUD Section 8 Project-based Vouchers (40 units-39%)

**Information**

Set-Aside: Nonprofit (qualified nonprofit organization)  
 Housing Type: Large Family  
 Geographic Area: City of Los Angeles  
 TCAC Project Analyst: Sopida Steinwert

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 48	45%
At or Below 40% AMI: 24	20%
At or Below 50% AMI: 8	5%
At or Below 70% AMI: 20	20%

**Unit Mix**

50 1-Bedroom Units
27 2-Bedroom Units
25 3-BedroomUnits
<u>102 Total Units</u>

<u>Unit Type &amp; Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
40 1 Bedroom	20%	\$443
4 2 Bedrooms	30%	\$798
4 3 Bedrooms	30%	\$922
12 2 Bedrooms	40%	\$1,064
12 3 Bedrooms	40%	\$1,229
4 2 Bedrooms	50%	\$1,330
4 3 Bedrooms	50%	\$1,536
10 1 Bedroom	70%	\$1,552
5 2 Bedrooms	70%	\$1,862
5 3 Bedrooms	70%	\$2,151
2 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$10,690,500
Construction Costs	\$38,689,980
Rehabilitation Costs	\$0
Construction Contingency	\$2,100,209
Relocation	\$0
Architectural/Engineering	\$1,630,081
Const. Interest, Perm. Financing	\$5,731,542
Legal Fees	\$255,472
Reserves	\$544,943
Other Costs	\$1,407,633
Developer Fee	\$2,200,000
Commercial Costs	\$0
<b>Total</b>	<b>\$63,250,360</b>

**Residential**

Construction Cost Per Square Foot:	\$449
Per Unit Cost:	\$620,102
True Cash Per Unit Cost:	\$620,102

**Construction Financing**

Source	Amount
JPMorgan Chase Bank	\$57,868,033
Los Angeles Housing Department	\$1,200,000
LAHD Accrued Interest	\$10,148
Deferred Costs	\$2,055,773
General Partner Equity	\$100
Tax Credit Equity	\$2,116,306

**Permanent Financing**

Source	Amount
CCRC	\$9,151,000
HCD MHP	\$17,883,095
Los Angeles Housing Department	\$1,200,000
General Partner Equity	\$100
Tax Credit Equity	\$35,016,165
<b>TOTAL</b>	<b>\$63,250,360</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$49,816,747
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$49,816,747
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$12,488,887
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	National Equity Fund
Federal Tax Credit Factor:	\$0.94106
State Tax Credit Factor:	\$0.92000

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**  
Final: **75.967%**

**Significant Information / Additional Conditions:** None.

**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.

CTCAC 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 CTCAC.

The applicant must pay CTCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC 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, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, 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 CTCAC 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 CTCAC 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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1/8 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1/4 mile of a public elementary school	3	3	3
Highest or High Resources Area	8	8	8
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</b>

**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.**