

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
June 15, 2022**

West Los Angeles VA Campus Building 402, located at 11301 Wilshire Blvd., Building 402 in Los Angeles, requested and is being recommended for a reservation of \$3,188,242 in annual federal tax credits and \$4,850,000 in total state tax credits to finance the new construction of 118 units of housing serving special needs tenants with rents affordable to households earning 30%-50% 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 54.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and Veterans Affairs Supportive Housing (VASH) Project-based Vouchers. The project financing includes state funding from the No Place Like Home (NPLH) program of HCD and Veteran Services Grant Support (California State Assembly Bill 128).

Project Number CA-22-465

Project Name West Los Angeles VA Campus Building 402
Site Address: 11301 Wilshire Blvd., Building 402
Los Angeles, CA 90073 County: Los Angeles
Census Tract: 7011.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,188,242	\$4,850,000
Recommended:	\$3,188,242	\$4,850,000

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: VA Building 402 LP
Contact: Jordan Pynes
Address: 11811 San Vicente Blvd.
Los Angeles, CA 90049
Phone: 310-820-2236
Email: jordan@tsahousing.com

General Partner(s) or Principal Owner(s):	Housing Corporation of America VA Building 402 LLC West LA Veterans Collective LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Housing Corporation of America Thomas Safran & Associates Development, Inc. Century Housing Corporation United States Veterans Initiative
Developer:	Thomas Safran & Associates Development, Inc.
Bond Issuer:	Los Angeles County Development Authority
Investor/Consultant:	R4 Capital LLC
Management Agent:	Thomas Safran & Associates, Inc.

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	10
Total # of Units:	120
No. / % of Low Income Units:	118 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (11 units - 9%) & VASH Project-based Vouchers (107 units - 91%)

Information

Housing Type:	Special Needs
Geographic Area:	Balance of Los Angeles County
TCAC Project Analyst:	Tiffani Negrete

55-Year Use / Affordability

<u>Aggregate Targeting</u>		<u>Percentage of</u>
<u>Number of Units</u>		<u>Affordable Units</u>
30% AMI:	59	50%
50% AMI:	59	50%

Unit Mix

107 SRO/Studio Units
<u>13 2-Bedroom Units</u>
120 Total Units

<u>Unit Type</u>	<u>2021 Rents Targeted %</u>	<u>Proposed Rent</u>
<u>& Number</u>	<u>of Area Median Income</u>	<u>(including utilities)</u>
11 SRO/Studio	30%	\$621
43 SRO/Studio	30%	\$621
5 2 Bedrooms	30%	\$798
53 SRO/Studio	50%	\$1,035
6 2 Bedrooms	50%	\$1,330
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$0
Construction Costs	\$46,091,223
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,714,662
Soft Cost Contingency	\$393,782
Relocation	\$0
Architectural/Engineering	\$2,795,948
Const. Interest, Perm. Financing	\$5,544,822
Legal Fees	\$290,364
Reserves	\$689,561
Other Costs	\$2,241,189
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$64,261,551

Residential

Construction Cost Per Square Foot:	\$710
Per Unit Cost:	\$535,513
True Cash Per Unit Cost*:	\$531,897

Construction Financing

Source	Amount
Well Fargo - Tax-Exempt Bonds	\$33,755,000
Well Fargo - Taxable	\$2,800,000
LACDA - AHTF**	\$4,925,000
LACDA - NPLH	\$6,900,000
State of California (AB 128)	\$2,500,000
Deferred Interest	\$295,500
Deferred Reserves	\$672,561
Deferred Developer Fee	\$2,000,000
Tax Credit Equity	\$10,413,489

Permanent Financing

Source	Amount
CCRC - Tax-Exempt Bonds	\$15,200,000
LACDA - AHTF**	\$5,000,000
LACDA - NPLH	\$7,000,000
State of California (AB 128)	\$2,500,000
Deferred Interest	\$295,500
Deferred Developer Fee	\$433,882
Tax Credit Equity	\$33,832,169
TOTAL	\$64,261,551

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

**Los Angeles County Development Authority - Affordable Housing Trust Funds Loan

Determination of Credit Amount(s)

Requested Eligible Basis:	\$61,312,347
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$79,706,051
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,188,242
Total State Credit:	\$4,850,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	R4 Capital LLC
Federal Tax Credit Factor:	\$0.93491
State Tax Credit Factor:	\$0.82992

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 project site is part of the U.S. Department of Veterans Affairs (VA) West Los Angeles Veterans Administration Campus. The project involves the new construction of 118 affordable housing units and 2 manager's units owned by the applicant, with the land leased from the VA. The co-general partner, West LA Veteran Collective LLC, will simultaneously develop a new construction tax credit project, CA-22-467 on the same parcel as this project and the two projects will be developed as multiple simultaneous phases using the same credit type pursuant to TCAC Regulation Section 10327(c)(2)(C). The developer fees for CA-22- 465 and CA-22-467 comply with the requirements for simultaneous phases.

The current legal description is part of a larger site and the project site’s parcel (legal description and APN) have not yet been finalized. The legal description and APN for CA-22-465 must be completed as part of the placed-in-service package.

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.