

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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

Vista Terrace, located at 8134 and 8146 Van Nuys Blvd in Los Angeles, requested and is being recommended for a reservation of \$2,318,299 in annual federal tax credits and \$13,451,446 in total state tax credits to finance the new construction of 101 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 Thomas Safran & Associates Development, Inc and will be located in Senate District 18 and Assembly District 46.

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 Affordable Housing and Sustainable Communities (AHSC), Transit-Oriented Development (TOD), and Infill Infrastructure Grant (IIG) program(s) of HCD.

Project Number CA-22-498

Project Name Vista Terrace
Site Address: 8134 and 8146 Van Nuys Blvd
Los Angeles CA, 91402 County: Los Angeles
Census Tract: 1203.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,318,299	\$13,451,446
Recommended:	\$2,318,299	\$13,451,446

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

Applicant Information

Applicant: Kingdom Development, Inc.
Contact: William Leach
Address: 6451 Box Springs Blvd
Riverside CA, 92507
Phone: (951) 538-6244
Email: william@kingdomdevelopment.net

General Partner(s) or Principal Owner(s): Kingdom Vista Terrace, LLC
Vista Terrace LLC
General Partner Type: Joint Venture
Parent Company(ies): Kingdom Development, Inc.
Thomas Safran & Associates, Inc.
Developer: Thomas Safran & Associates Development, Inc
Bond Issuer: City of LA
Investor/Consultant: R4 Capital
Management Agent: Thomas Safran & Associates Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 102
 No. / % of Low Income Units: 101 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Project Based Vouchers (25 Units - 25%)

Information

Housing Type: Large Family
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Dylan Hervey

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 25	25%
50% AMI: 25	25%
60% AMI: 37	37%
70% AMI: 14	14%

Unit Mix

46 SRO/Studio Units
 28 2-Bedroom Units
 28 3-Bedroom Units

 102 Total Units

<u>Unit Type & Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
12 SRO/Studio	20%	\$414
25 SRO/Studio	50%	\$1,035
9 SRO/Studio	60%	\$1,242
28 2 Bedrooms	60%	\$1,596
13 3 Bedrooms	20%	\$614
14 3 Bedrooms	70%	\$2,151
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$8,812,351
Construction Costs	\$39,248,947
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,198,010
Soft Cost Contingency	\$767,927
Relocation	\$1,080,000
Architectural/Engineering	\$1,700,000
Const. Interest, Perm. Financing	\$6,352,846
Legal Fees	\$420,000
Reserves	\$597,400
Other Costs	\$2,933,765
Developer Fee	\$3,500,000
Commercial Costs	\$0
Total	\$68,611,246

Residential

Construction Cost Per Square Foot:	\$386
Per Unit Cost:	\$672,659
True Cash Per Unit Cost*:	\$659,050

Construction Financing

Source	Amount
R4 - Tax Exempt	\$36,472,386
R4 - Taxable	\$17,001,460
IIG	\$2,000,000
Deferred Reserves	\$597,400
Deferred Developer Fee	\$3,190,000
Tax Credit Equity	\$9,350,000

Permanent Financing

Source	Amount
R4	\$15,935,000
AHSC	\$12,000,000
IIG	\$2,000,000
TOD	\$4,350,000
Deferred Developer Fee	\$1,388,144
Tax Credit Equity	\$32,938,102
TOTAL	\$68,611,246

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$57,957,475
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$57,957,475
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,318,299
Total State Credit:	\$13,451,446
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	R4 Capital
Federal Tax Credit Factor:	\$0.94500
State Tax Credit Factor:	\$0.82000

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: None.

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.