

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
June 15, 2022

710 Broadway, located at 710 Broadway in Santa Monica, requested and is being recommended for a reservation of \$1,441,524 in annual federal tax credits to finance the new construction of 57 units of housing serving tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by 710 Broadway, LLC and will be located in Senate District 26 and Assembly District 50.

Project Number CA-22-510

Project Name 710 Broadway
 Site Address: 710 Broadway
 Santa Monica, CA 90401 County: Los Angeles
 Census Tract: 7019.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,441,524	\$0
Recommended:	\$1,441,524	\$0

Applicant Information

Applicant: 710 Broadway Development Co., LLC
 Contact: Greg Moritz
 Address: 18201 Von Karman Ave, Suite 900
 Irvine, CA 92612
 Phone: (415) 404-5189
 Email: gmoritz@related.com

General Partner(s) or Principal Owner(s): 710 Broadway Development Co., LLC
 Community Corporation of Santa Monica

General Partner Type: Joint Venture

Parent Company(ies): Related California Residential, LLC
 Community Corporation of Santa Monica

Developer: 710 Broadway, LLC

Bond Issuer: California Municipal Finance Authority

Investor/Consultant: Red Stone Equity Partners

Management Agent: Related Management Company, LP

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 57
 No. / % of Low Income Units: 57 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Non-Targeted
 Geographic Area: Balance of Los Angeles County
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
30% AMI: 6	11%
50% AMI: 10	18%
60% AMI: 41	72%

Unit Mix

10 SRO/Studio Units
 24 1-Bedroom Units
 13 2-Bedroom Units
 10 3-Bedroom Units

 57 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
3 SRO/Studio	30%	\$420
6 1 Bedroom	50%	\$480
4 2 Bedrooms	50%	\$540
3 3 Bedrooms	30%	\$600
3 SRO/Studio	60%	\$700
6 1 Bedroom	60%	\$800
4 2 Bedrooms	60%	\$900
3 3 Bedrooms	60%	\$1,000
4 SRO/Studio	60%	\$840
12 1 Bedroom	60%	\$960
5 2 Bedrooms	60%	\$1,080
4 3 Bedrooms	60%	\$1,200

Project Cost Summary at Application

Land and Acquisition	\$0
Construction Costs	\$19,997,010
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$999,850
Soft Cost Contingency	\$374,070
Relocation	\$0
Architectural/Engineering	\$1,634,907
Const. Interest, Perm. Financing	\$2,598,609
Legal Fees	\$318,769
Reserves	\$105,000
Other Costs	\$2,806,646
Developer Fee	\$1,000,000
Commercial Costs	\$0
Total	\$29,834,861

Residential

Construction Cost Per Square Foot:	\$367
Per Unit Cost:	\$523,419
True Cash Per Unit Cost*:	\$523,419

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citi Community Capital - Tax-Exemj	\$14,415,236	Citi Community Capital	\$14,871,067
Citi Community Capital	\$2,386,839	Citi Community Capital	\$550,000
Deferred Developer Fee	\$1,000,000	Tax Credit Equity	\$14,413,794
Tax Credit Equity	\$12,032,786	TOTAL	\$29,834,861

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$27,721,608
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$36,038,090
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,441,524
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,000,000
Investor/Consultant:	Red Stone Equity Partners
Federal Tax Credit Factor:	\$0.99990

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

Per TCAC Regulation Section 10325(f)(7)(J) the project has committed to employ an equivalent number of on-site full-time property management staff and provide an equivalent number of desk or security staff capable of responding to emergencies for the hours when property management staff is not working. All staff or contractors performing desk or security work shall be knowledgeable of how the property’s fire system operates and be trained in, and have participated in, fire evacuation drills for tenants. TCAC reserves the right to require that one or more on-site managers’ units be provided and occupied by property management staff if, in its sole discretion, it determines as part of any on-site inspection that the project has not been adequately operated and/or maintained.

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.