

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

QCK Apartments, located at 4856 West Avenue L-14 in Quartz Hill, requested and is being recommended for a reservation of \$950,701 in annual federal tax credits and \$7,130,255 in total state tax credits to finance the new construction of 35 units of housing serving special needs tenants with rents affordable to households earning 40%-60% AMI of area median income (AMI). The project will be developed by Oculus1 Development, Inc. and will be located in Senate District 21 and Assembly District 36.

Project Number CA-22-518

Project Name QCK Apartments
Site Address: 4856 West Avenue L-14
 Quartz Hill, CA 93536 County: Los Angeles
Census Tract: 9011.02

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$950,701	\$7,130,255
Recommended:	\$950,701	\$7,130,255

* 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 Boulevard
 Riverside, CA 92507
Phone: 951-538-6244
Email: william@kingdomdevelopment.net

General Partner(s) or Principal Owner(s): Oculus1 Development, Inc.
 Kingdom Quartz Hill, LLC

General Partner Type: Joint Venture

Parent Company(ies): Oculus1 Development, Inc.
 Kingdom Development, Inc.

Developer: Oculus1 Development, Inc.

Bond Issuer: LACDA

Investor/Consultant: CREA, LLC

Management Agent: FPI Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 36
 No. / % of Low Income Units: 35 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers
 (35 Units-100%)

Information

Housing Type: Special Needs
 Geographic Area: Balance of Los Angeles County
 TCAC Project Analyst: Cynthia Compton

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 18	51%
50% AMI: 17	49%

Unit Mix

35 1-Bedroom Units
1 2-Bedroom Units
<u>36 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
18 1 Bedroom	30%	\$665
17 1 Bedroom	50%	\$1,108
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$509,844
Construction Costs	\$14,453,880
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,431,217
Soft Cost Contingency	\$239,999
Relocation	\$0
Architectural/Engineering	\$1,030,000
Const. Interest, Perm. Financing	\$2,388,948
Legal Fees	\$280,000
Reserves	\$1,492,322
Other Costs	\$1,442,057
Developer Fee	\$3,961,253
Commercial Costs	\$0
Total	\$27,229,520

Residential

Construction Cost Per Square Foot:	\$491
Per Unit Cost:	\$756,376
True Cash Per Unit Cost*:	\$699,825

Construction Financing

Source	Amount
Citibank -Tax Exempt	\$13,077,460
Citibank - Taxable	\$6,722,610
Deferred Fees & Costs	\$5,061,548
Tax Credit Equity	\$2,367,902

Permanent Financing

Source	Amount
Citibank -Taxable	\$5,430,294
HCD / VHHP	\$4,603,447
General Partner Contribution	\$1,423,777
Deferred Developer Fee	\$612,049
Tax Credit Equity	\$15,159,953
TOTAL	\$27,229,520

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$23,767,518
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$23,767,518
Applicable Rate:	4.00%
Maximum Annual Federal Credit:	\$950,701
Total State Credit:	\$7,130,255
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,961,253
Investor/Consultant:	CREA, LLC
Federal Tax Credit Factor:	\$0.94092
State Tax Credit Factor:	\$0.87159

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.