

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2022 Second Round

September 28, 2022

Barnard Park Villas, located at 3356 Barnard Way in Santa Monica, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits to finance the acquisition & rehabilitation of 60 units of housing serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Thomas Safran & Associates, Development Inc. and is located in Senate District 26 and Assembly District 50.

The project is currently at-risk, but is being recommended for a reservation of tax credits that will preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of HUD Section 8 Contract.

Project Number CA-22-090

Project Name Barnard Park Villas
Site Address: 3356 Barnard Way
Santa Monica, CA 90405 County: Los Angeles
Census Tract: 7021.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$0

Applicant Information

Applicant: Barnard Park Housing LP
Contact: Anthony Yannatta
Address: 11811 San Vicente Boulevard
Los Angeles, CA 90405
Phone: 310-820-4888
Email: anthony@tsahousing.com

General Partner(s) / Principal Owner(s): Barnard Park Housing LLC
Housing Corporation of America
General Partner Type: Joint Venture
Parent Company(ies): Thomas Safran & Associates, Inc.
Developer: Thomas Safran & Associates, Development Inc.
Investor/Consultant: National Equity Fund
Management Agent(s): Thomas Safran & Associates Inc.

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 1
Total # of Units: 61
No. & % of Tax Credit Units: 60 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Projec-based Contract (60 Units - 100%)

Information

Set-Aside: At-Risk
Housing Type: At-Risk
Geographic Area: Balance of Los Angeles County
CTCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 30% AMI:	6	10%
At or Below 40% AMI:	6	10%
At or Below 45% AMI:	6	10%
At or Below 50% AMI:	24	40%
At or Below 60% AMI:	18	30%

Unit Mix

60 1-Bedroom Units
<u>1 2-Bedroom Units</u>
61 Total Units

<u>Unit Type & Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 1 Bedroom	30%	\$670
1 1 Bedroom	30%	\$670
5 1 Bedroom	40%	\$893
1 1 Bedroom	40%	\$893
6 1 Bedroom	45%	\$1,005
23 1 Bedroom	50%	\$1,116
1 1 Bedroom	50%	\$1,116
18 1 Bedroom	60%	\$1,340
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$50,700,000
Construction Costs	\$0
Rehabilitation Costs	\$9,522,040
Construction Contingency	\$2,121,031
Relocation	\$0
Architectural/Engineering	\$370,000
Const. Interest, Perm. Financing	\$3,016,542
Legal Fees	\$220,346
Reserves	\$1,521,369
Other Costs	\$856,599
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$70,527,927

Residential

Construction Cost Per Square Foot:	\$168
Per Unit Cost:	\$1,156,196
True Cash Per Unit Cost*:	\$849,638

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
PNC Bank, Tranche A	\$12,274,710	PNC Bank, Tranche A	\$12,274,710
PNC Bank, Tranche B	\$14,970,990	PNC Bank, Tranche B	\$14,970,990
Donated Land	\$18,700,000	Donated Land	\$18,700,000
Net Operating Income	\$2,053,942	Net Operating Income	\$2,053,942
Deferred Developer Fee	\$2,200,000	Tax Credit Equity	\$22,528,285
Tax Credit Equity	\$20,328,285	TOTAL	\$70,527,927

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$14,958,783
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$18,745,562
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$19,446,418
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$18,745,562
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$1,750,178
Maximum Annual Federal Credit, Acquisition:	\$749,822
Total Maximum Annual Federal Credit:	\$2,500,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	National Equity Fund
Federal Tax Credit Factor:	\$0.90113

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible

Tie-Breaker Information

First:	At-Risk
Self-Score Final:	73.847%
CTCAC Final:	73.847%

Significant Information / Additional Conditions

Staff noted the hard cost contingency, as reflected in the project’s Application Sources & Uses table, exceeds 10% of the project’s total hard construction costs.

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.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within ½ mile of a weekly farmers' market operating at least 5 months/year	2	2	2
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
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
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	109	109	109

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.