

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
November 30, 2022**

West LA VA- Building 156 & 157, located at 11301 Wilshire Boulevard, Building 156 & Building 157 in Unincorporated Los Angeles, requested and is being recommended for a reservation of \$3,344,029 in annual federal tax credits to finance the adaptive reuse of 110 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 Century Affordable Development, Inc. (CADI) and will be located in Senate District 26 and Assembly District 54.

The project will be receiving rental assistance in the form of HUD Veterans Affairs Supportive Housing (VASH) Project-based Vouchers. The project financing includes state funding from the No Place Like Home (NPLH) and Affordable Housing and Sustainable Communities (AHSC) programs of HCD.

Project Number CA-22-625

Project Name West LA VA- Building 156 & 157
Site Address: 11301 Wilshire Boulevard, Building 156 & Building 157
Unincorporated Los Angeles, CA 90073 County: Los Angeles
Census Tract: 7011.00

| Tax Credit Amounts | Federal/Annual | State/Total |
|---------------------------|-----------------------|--------------------|
| Requested: | \$3,344,029 | \$0 |
| Recommended: | \$3,344,029 | \$0 |

Applicant Information

Applicant: Century WLAVA 2 LP
Contact: Oscar Alvarado
Address: 1000 Corporate Pointe, Suite 200
Culver City, CA 90230
Phone: 310-642-2079
Email: oalvarado@century.org

General Partner(s) or Principal Owner(s): Century WLAVA 2 LP
General Partner Type: Nonprofit
Parent Company(ies): Century Affordable Development, Inc.
Developer: Century Affordable Development, Inc. (CADI)
Bond Issuer: Los Angeles County Development Authority (LACDA)
Investor/Consultant: California Housing Partnership Corporation
Management Agent: Century Villages Property Management

Project Information

Construction Type: Adaptive Reuse
 Total # Residential Buildings: 2
 Total # of Units: 112
 No. / % of Low Income Units: 110 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt/Affordable Housing Program (AHP)/HUD VASH Project-based Vouchers (110 units - 100%)

Information

Housing Type: Special Needs
 Geographic Area: Balance of Los Angeles County
 CTCAC Project Analyst: Sarah Gullikson

55-Year Use / Affordability

| Aggregate Targeting | Number of Units | Percentage of Affordable Units |
|----------------------------|------------------------|---------------------------------------|
| 30% AMI: | 55 | 50% |
| 50% AMI: | 55 | 50% |

Unit Mix

| |
|------------------------|
| 96 SRO/Studio Units |
| 14 1-Bedroom Units |
| 2 2-Bedroom Units |
| 112 Total Units |

| Unit Type & Number | 2022 Rents Targeted % of Area Median Income | Proposed Rent (including utilities) |
|-------------------------------|--|--|
| 45 SRO/Studio | 30% | \$625 |
| 10 1 Bedroom | 30% | \$670 |
| 51 SRO/Studio | 50% | \$1,042 |
| 4 1 Bedroom | 50% | \$1,116 |
| 2 2 Bedrooms | Manager's Unit | \$0 |

Project Cost Summary at Application

| | |
|------------------------------------|---------------------|
| Land and Acquisition | \$18,543,148 |
| Construction Costs | \$41,087,304 |
| Rehabilitation Costs | \$0 |
| Construction Hard Cost Contingency | \$4,203,045 |
| Soft Cost Contingency | \$279,317 |
| Relocation | \$0 |
| Architectural/Engineering | \$3,239,224 |
| Const. Interest, Perm. Financing | \$5,815,842 |
| Legal Fees | \$225,000 |
| Reserves | \$995,971 |
| Other Costs | \$2,793,960 |
| Developer Fee | \$3,500,000 |
| Commercial Costs | \$0 |
| Total | \$80,682,811 |

Residential

| | |
|------------------------------------|-----------|
| Construction Cost Per Square Foot: | \$536 |
| Per Unit Cost: | \$720,382 |
| True Cash Per Unit Cost*: | \$544,595 |

| Construction Financing | | Permanent Financing | |
|-----------------------------------|---------------|-----------------------------------|---------------------|
| <u>Source</u> | <u>Amount</u> | <u>Source</u> | <u>Amount</u> |
| Wells Fargo: Tax Exempt | \$41,638,300 | CCRC ¹ | \$7,973,000 |
| Wells Fargo: Taxable | \$1,829,406 | AHP | \$1,250,000 |
| AHP | \$1,250,000 | HCD: NPLH | \$5,000,000 |
| HCD: NPLH | \$4,975,000 | HCD: AHSC | \$10,157,108 |
| LACDA: AHTF ² | \$5,065,618 | LACDA: AHTF ² | \$5,000,000 |
| County of LA: Fee Waiver | \$788,131 | County of LA: Fee Waiver | \$788,131 |
| WLAVC, LLC: AB 128 ³ | \$500,000 | WLAVC, LLC: AB 128 ³ | \$500,000 |
| Seller Carryback: Rent Prepayment | \$17,600,000 | Seller Carryback: Rent Prepayment | \$17,600,000 |
| Deferred Costs | \$2,749,121 | Accrued Deferred Interest | \$140,618 |
| General Partner Equity | \$100 | General Partner Equity | \$100 |
| Deferred Developer Fee | \$1,300,000 | Deferred Developer Fee | \$1,300,000 |
| Tax Credit Equity | \$2,987,135 | Tax Credit Equity | \$30,973,854 |
| | | TOTAL | \$80,682,811 |

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

¹California Community Reinvestment Corporation

²Los Angeles County Development Authority: Affordable Housing Trust Fund & its Accrued Interest

³West LA Veterans Collective, LLC

Determination of Credit Amount(s)

| | |
|--|--|
| Requested Eligible Basis: | \$57,649,038 |
| 130% High Cost Adjustment: | Yes |
| Requested Eligible Basis (Acquisition): | \$8,656,963 |
| Applicable Fraction: | 100.00% |
| Qualified Basis: | \$74,943,749 |
| Qualified Basis (Acquisition): | \$8,656,963 |
| Applicable Rate: | 4.00% |
| Maximum Annual Federal Credit, Construction: | \$2,997,750 |
| Maximum Annual Federal Credit, Acquisition: | \$346,279 |
| Total Maximum Annual Federal Credit: | \$3,344,029 |
| Approved Developer Fee (in Project Cost & Eligible Basis): | \$3,500,000 |
| Investor/Consultant: | California Housing Partnership Corporation |
| Federal Tax Credit Factor: | \$0.92624 |

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

This project will include the adaptive reuse of two existing historical medical and office buildings, constructed in the 1920's and vacant approximately 50 years. The buildings will be renovated and reconfigured to include 112 total units, as well as community space. Upon completion, the project will include 110 LIHTC units and 2 manager’s units.

The applicant’s estimate of the contractor’s profit, overhead and general requirement costs exceed the limits established by regulation. At final review prior to the issuance of the IRS 8609 tax forms, any costs and basis in excess of the limit will not be allowed.

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-22-625 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.

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 reservation 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.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.