

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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

Jordan Downs Phase S4, located at 10110 + 10150 S. Grape Street in Los Angeles, requested and is being recommended for a reservation of \$2,857,924 in annual federal tax credits to finance the new construction of 76 units of housing serving families with rents affordable to households earning 20%-80% of area median income (AMI). The project will be developed by The Michaels Development Company I, L.P. and will be located in Senate District 35 and Assembly District 64.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-22-636

Project Name Jordan Downs Phase S4
Site Address: 10110 + 10150 S. Grape Street
Los Angeles, CA 90002 County: Los Angeles
Census Tract: 2421.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,857,924	\$0
Recommended:	\$2,857,924	\$0

Applicant Information

Applicant: Jordan Downs Phase S4, LP
Contact: Kecia Boulware
Address: 2 Cooper Street, 14th Floor
Camden, NJ 08102
Phone: 213.392.7745
Email: kboulware@tmo.com

General Partner(s) or Principal Owner(s): Jordan S4-Michaels, LLC
La Cienega LOMOD, Inc.
General Partner Type: Joint Venture
Parent Company(ies): The Michaels Development Company I, L.P.
The Housing Authority of the City of Los Angeles
Developer: The Michaels Development Company I, L.P.
Bond Issuer: Housing Authority of the City of Los Angeles
Investor/Consultant: Berkadia Affordable Tax Credit Solutions
Management Agent: Michaels Management-Affordable, LLC

Project Information

Construction Type: New Construction
Total # Residential Buildings: 2
Total # of Units: 90
No. / % of Low Income Units: 76 85.39%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Tax-Exempt/HUD Section 8 Project-based Vouchers
(76 Units-100%)*

*Project has three low income units that are not being financed through the 4% tax credit program but are receiving HUD Section 8 Project-based Vouchers.

Information

Housing Type: Large Family
Geographic Area: City of Los Angeles
CTCAC Project Analyst: Cynthia Compton

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	56	74%
50% AMI:	6	8%
80% AMI:	14	18%

Unit Mix

20 1-Bedroom Units
38 2-Bedroom Units
27 3-Bedroom Units
5 4-Bedroom Units
<hr/> 90 Total Units

Unit Type & Number		2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
1	1 Bedroom	20%	\$446
3	2 Bedrooms	20%	\$536
1	3 Bedrooms	20%	\$619
6	1 Bedroom	30%	\$670
11	2 Bedrooms	30%	\$804
8	3 Bedrooms	30%	\$929
1	4 Bedrooms	30%	\$1,036
1	5 Bedrooms	30%	\$1,143
2	1 Bedroom	80%	\$1,688
5	2 Bedrooms	80%	\$1,975
4	2 Bedrooms	30%	\$804
2	3 Bedrooms	30%	\$929
1	4 Bedrooms	30%	\$1,036
2	2 Bedrooms	80%	\$1,975
3	3 Bedrooms	80%	\$2,477
2	4 Bedrooms	80%	\$2,763
3	1 Bedroom	20%	\$446
12	2 Bedrooms	20%	\$536
2	3 Bedrooms	20%	\$619
3	1 Bedroom	50%	\$1,116
3	3 Bedrooms	50%	\$1,548
1	3 Bedrooms	Manager's Unit	\$0
5	1 Bedroom	Market Rate Unit	\$0
1	2 Bedrooms	Market Rate Unit	\$0
4	3 Bedrooms	Market Rate Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$6,035,000
Construction Costs	\$43,884,852
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,269,243
Soft Cost Contingency	\$414,633
Relocation	\$0
Architectural/Engineering	\$1,975,000
Const. Interest, Perm. Financing	\$7,781,522
Legal Fees	\$425,000
Reserves	\$1,426,000
Other Costs	\$3,047,164
Developer Fee	\$8,412,069
Commercial Costs	\$0
Total	\$75,670,483

Residential

Construction Cost Per Square Foot:	\$492
Per Unit Cost:	\$840,783
True Cash Per Unit Cost*:	\$826,339

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Chase-Tax Exempt	\$36,717,500	Chase-Tax Exempt	\$12,430,000
Chase-Taxable	\$13,282,500	HCD-MHP	\$17,000,000
HACLA-Ground Lease	\$3,510,000	HACLA-Ground Lease	\$3,510,000
HCD-CNI	\$2,850,000	HCD-CNI	\$2,850,000
HCD-IIG	\$5,025,000	HCD-IIG	\$5,025,000
HACLA-Gap Loan	\$1,305,000	HACLA-Gap Loan	\$1,305,000
Accrued Interest	\$513,783	Accrued Interest	\$513,783
Deferred Developer Fee	\$1,300,000	Return of Rate Lock Deposit	\$248,600
Tax Credit Equity	\$11,166,700	Nonprofit Equity Contribution	\$4,912,069
		General Partner Equity	\$100
		Deferred Developer Fee	\$1,300,000
		Tax Credit Equity	\$26,575,931
		TOTAL	\$75,670,483

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$64,492,528
130% High Cost Adjustment:	Yes
Applicable Fraction:	85.39%
Qualified Basis:	\$71,593,952
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,857,924
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,412,069
Investor/Consultant:	Berkadia Affordable Tax Credit Solutions
Federal Tax Credit Factor:	\$0.92990

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.

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.