

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
May 10, 2023**

Warner Center I, located at 21300 Oxnard Street in Los Angeles, requested and is being recommended for a reservation of \$4,376,721 in annual federal tax credits and \$24,990,312 in total state tax credits to finance the new construction of 171 units of housing serving families with rents affordable to households earning 30%-80% of area median income (AMI). The project will be developed by Meta Development, LLC and will be located in Senate District 27 and Assembly District 46.

Project Number CA-23-442

Project Name Warner Center I
Site Address: 21300 Oxnard Street
Los Angeles, CA 91367
County: Los Angeles
Census Tract: 1371.04

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$4,376,721	\$24,990,312
Recommended:	\$4,376,721	\$24,990,312

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: FFAH V Warner Center I, LLC
Contact: Tarun Chandran
Address: 18575 Jamboree Road, Suite #120
Irvine , CA 97703
Phone: 312-219-8360
Email: tarun@ffah.org

General Partner(s) or Principal Owner(s): Warner Center I, LLC
FFAH V Warner Center I, LLC
General Partner Type: Limited Partnership
Parent Company(ies): Meta Development, LLC
Foundation For Affordable Housing V, Inc
Developer: Meta Development, LLC
Bond Issuer: California Municipal Finance Authority
Investor/Consultant: Boston Financial
Management Agent: WSH Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 173
No. / % of Low Income Units: 171 100.00%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: City of Los Angeles
 CTCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	36	21%
50% AMI:	1	1%
60% AMI:	54	32%
70% AMI:	51	30%
80% AMI:	29	17%

Unit Mix

40 SRO/Studio Units
 41 1-Bedroom Units
 46 2-Bedroom Units
 46 3-Bedroom Units

 173 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
14 SRO/Studio	30%	\$625
20 SRO/Studio	60%	\$1,250
6 SRO/Studio	70%	\$1,458
12 1 Bedroom	30%	\$670
1 1 Bedroom	50%	\$1,116
28 1 Bedroom	70%	\$1,563
5 2 Bedrooms	30%	\$804
9 2 Bedrooms	60%	\$1,608
1 2 Bedrooms	70%	\$1,876
29 2 Bedrooms	80%	\$2,144
5 3 Bedrooms	30%	\$929
25 3 Bedrooms	60%	\$1,858
16 3 Bedrooms	70%	\$2,167
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$11,230,300
Construction Costs	\$54,309,094
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,714,705
Soft Cost Contingency	\$1,050,000
Relocation	\$0
Architectural/Engineering	\$2,564,415
Const. Interest, Perm. Financing	\$11,826,872
Legal Fees	\$395,000
Reserves	\$722,875
Other Costs	\$4,743,584
Developer Fee	\$10,978,397
Commercial Costs	\$0
Total	\$100,535,242

Residential

Construction Cost Per Square Foot:	\$353
Per Unit Cost:	\$581,129
True Cash Per Unit Cost*:	\$533,997

Construction Financing

<u>Source</u>	<u>Amount</u>
Citibank Tax-Exempt	\$51,600,000
Citibank Taxable	\$22,200,000
Citibank Recycled Bonds	\$10,000,000
Deferred Operating Reserve	\$722,875
Deferred Costs	\$58,661
Deferred Developer Fee	\$9,678,397
Federal Tax Credit Equity	\$4,026,181
State Tax Credit Equity	\$2,249,128

Permanent Financing

<u>Source</u>	<u>Amount</u>
Citibank	\$29,628,364
Deferred Developer Fee	\$8,153,790
Tax Credit Equity	\$62,753,088
TOTAL	\$100,535,242

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$84,167,708
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$109,418,021
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,376,721
Total State Credit:	\$24,990,312
Approved Developer Fee (in Project Cost & Eligible Basis):	\$10,978,397
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.91991
State Tax Credit Factor:	\$0.90000

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's annual per unit operating expense total is below the CTCAC published per unit operating minimums of \$6,200. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of \$5,457 on agreement of the permanent lender and equity investor.

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.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).