

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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

West LA VA - MacArthur Field B, located at 11301 Wilshire Boulevard, Building 401-B in Los Angeles, requested and is being recommended for a reservation of \$2,257,894 in annual federal tax credits to finance the new construction of 74 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 Core Affordable Housing, LLC and will be located in Senate District 24 and Assembly District 42.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the Veterans Housing and Homelessness Prevention (VHHP) program(s) of HCD.

Project Number CA-23-451

Project Name West LA VA - MacArthur Field B
Site Address: 11301 Wilshire Boulevard, Building 401-B
Los Angeles, CA 90073
County: Los Angeles
Census Tract: 7011.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,257,894	\$0
Recommended:	\$2,257,894	\$0

Applicant Information

Applicant: MacArthur B, LP
Contact: Cyrus Jahanian
Address: 470 S Market Street
San Jose, CA 95113
Phone: 408-821-3112
Email: cyrus@thecorecompanies.com

General Partner(s) or Principal Owner(s): AHCDC MacArthur B, LLC
Core MacArthur B, LLC
General Partner Type: Joint Venture
Parent Company(ies): Affordable Housing CDC, Inc.
Core Affordable Housing, LLC
Developer: Core Affordable Housing, LLC
Bond Issuer: CalHFA
Investor/Consultant: National Equity Fund
Management Agent: EAH, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 75
No. / % of Low Income Units: 74 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (74 Units - 100%)

Information

Housing Type: Special Needs
Geographic Area: Balance of Los Angeles County
CTCAC Project Analyst: Jonghyun (Tommy) Shim

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	43	58%
50% AMI:	31	42%

Unit Mix

74 1-Bedroom Units
1 2-Bedroom Units
75 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
43 1 Bedroom	30%	\$670
31 1 Bedroom	50%	\$1,116
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$301,650
Construction Costs	\$30,840,827
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,542,041
Soft Cost Contingency	\$423,452
Relocation	\$0
Architectural/Engineering	\$1,543,175
Const. Interest, Perm. Financing	\$6,189,201
Legal Fees	\$702,500
Reserves	\$1,477,858
Other Costs	\$2,004,079
Developer Fee	\$3,500,000
Commercial Costs	\$0
Total	\$48,524,783

Residential

Construction Cost Per Square Foot:	\$497
Per Unit Cost:	\$646,997
True Cash Per Unit Cost*:	\$629,664

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
US Bank Tax-Exempt	\$23,500,000	CCRC	\$4,830,000
US Bank Taxable	\$16,000,000	VHHP	\$21,800,000
Century Housing	\$50,000	Century Housing	\$50,000
Deferred Costs	\$3,493,066	Deferred Developer Fee	\$1,300,000
Deferred Developer Fee	\$2,400,000	Tax Credit Equity	\$20,544,783
Tax Credit Equity	\$3,081,717	TOTAL	\$48,524,783

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$43,421,043
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$56,447,356
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,257,894
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	National Equity Fund
Federal Tax Credit Factor:	\$0.90991

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.

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).