

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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

West LA VA- Building 158, located at 11301 Wilshire Boulevard, Building 158 in Los Angeles , requested and is being recommended for a reservation of \$2,069,777 in annual federal tax credits to finance the adaptive reuse of 48 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 Section 8 Project-based Vouchers. The project financing includes state funding from the Veteran Services Grant Support (California State Assembly Bill 128)

Project Number CA-23-455

Project Name West LA VA- Building 158
Site Address: 11301 Wilshire Boulevard, Building 158
Los Angeles , CA 90073
County: Los Angeles
Census Tract: 7011.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,069,777	\$0
Recommended:	\$2,069,777	\$0

Applicant Information

Applicant: Century Affordable Development, Inc.
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 Affordable Development Inc
General Partner Type: Nonprofit
Parent Company(ies): Century Affordable Development, Inc.
Developer: Century Affordable Development, Inc. (CADI)
Bond Issuer: California Housing Finance Agency (CalHFA)
Investor/Consultant: California Housing Partnership
Management Agent: Century Villages Property Management

Project Information

Construction Type: Adaptive Reuse
Total # Residential Buildings: 1
Total # of Units: 49
No. / % of Low Income Units: 48 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD VASH Project Based Vouchers (48 Units - 100%)

Information

Housing Type:	Special Needs
Geographic Area:	Balance of Los Angeles County
CTCAC Project Analyst:	Nick White

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	5	10%
40% AMI:	38	79%
50% AMI:	5	10%

Unit Mix

48 1-Bedroom Units
<u>1 2-Bedroom Units</u>
49 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
5 1 Bedroom	30%	\$670
38 1 Bedroom	40%	\$893
5 1 Bedroom	50%	\$1,116
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$9,967,622
Construction Costs	\$21,424,173
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,199,180
Soft Cost Contingency	\$207,714
Relocation	\$0
Architectural/Engineering	\$2,508,329
Const. Interest, Perm. Financing	\$4,399,822
Legal Fees	\$255,000
Reserves	\$232,952
Other Costs	\$2,006,430
Developer Fee	\$5,401,034
Commercial Costs	\$0
Total	\$48,602,254

Residential

Construction Cost Per Square Foot:	\$444
Per Unit Cost:	\$991,883
True Cash Per Unit Cost*:	\$740,841

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo Tax-Exempt	\$25,295,192	CCRC Tax-Exempt	\$4,494,000
Assembly Bill 128	\$333,500	Assembly Bill 128	\$5,038,256
Tunnel to Towers	\$7,740,000	Tunnel to Towers	\$7,740,000
Seller Carryback	\$9,400,000	Seller Carryback	\$9,400,000
Cost Deferred Until Conversion	\$1,133,042	Deferred Developer Fee	\$2,901,034
Deferred Developer Fee	\$2,901,034	General Partner Equity	\$100
General Partner Equity	\$100	Tax Credit Equity	\$19,028,864
Tax Credit Equity	\$1,799,386	TOTAL	\$48,602,254

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$34,455,025
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$6,952,900
Applicable Fraction:	100.00%
Qualified Basis:	\$44,791,532
Qualified Basis (Acquisition):	\$6,952,900
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$1,791,661
Maximum Annual Federal Credit, Acquisition:	\$278,116
Total Maximum Annual Federal Credit:	\$2,069,777
Approved Developer Fee in Project Cost:	\$5,401,034
Approved Developer Fee in Eligible Basis:	\$5,401,033
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.91937

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

The total development cost per unit is \$740,841. The main factors contributing to the high cost per unit are donated land improvements, hard cost and the project size.

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-23-455 must be completed as part of the placed-in-service package.

This development team plans to simultaneously develop West LA VA- Building 158 (CA-23-455) and West LA VA- Building 156 & 157 (CA-22-625). The two projects will be developed as multiple simultaneous phases using the same credit type pursuant to CTCAC Regulation Section 10327(c)(2)(C). CTCAC Executive Director has waived the “simultaneous phases” limitation to the developer fee as allowed in CTCAC Regulation Section 10327(c)(2)(C).

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).