

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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

The project, 21300 Devonshire, located at 21300 Devonshire Street in Los Angeles, requested and is being recommended for a reservation of \$1,978,401 in annual federal tax credits to finance the new construction of 99 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 LA Family Housing and will be located in Senate District 27 and Assembly District 40.

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 Multifamily Housing Program (MHP) program of HCD.

Project Number CA-23-482

Project Name 21300 Devonshire
Site Address: 21300 Devonshire Street
Los Angeles, CA 91311
County: Los Angeles
Census Tract: 1133.23

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,978,401	\$0
Recommended:	\$1,978,401	\$0

Applicant Information

Applicant: 21300 Devonshire L.P.
Contact: Elda Mendez
Address: 7843 Lankershim Boulevard
North Hollywood, CA 91605
Phone: 818-430-5720
Email: emendez@lafh.org

General Partner(s) or Principal Owner(s): 21300 Devonshire GP LLC
General Partner Type: Nonprofit
Parent Company(ies): LA Family Housing
Developer: LA Family Housing
Bond Issuer: City of Los Angeles
Investor/Consultant: California Housing Partnership
Management Agent: Abode Communities

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 100
No. / % of Low Income Units: 99 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt/ HUD Section 8 Project-based Vouchers (99 Units - 100%)

Information

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

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	75	76%
50% AMI:	24	24%

Unit Mix

99 SRO/Studio Units
<u>1 2-Bedroom Units</u>
100 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
75 SRO/Studio	30%	\$625
24 SRO/Studio	50%	\$1,042
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$6,216,960
Construction Costs	\$33,573,479
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,405,082
Soft Cost Contingency	\$212,065
Relocation	\$0
Architectural/Engineering	\$1,725,213
Const. Interest, Perm. Financing	\$5,645,797
Legal Fees	\$272,481
Reserves	\$879,563
Other Costs	\$1,898,454
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$56,329,094

Residential

Construction Cost Per Square Foot:	\$918
Per Unit Cost:	\$563,291
True Cash Per Unit Cost*:	\$563,291

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Chase Tax-Exempt	\$28,461,185	Chase Tax-Exempt	\$10,814,000
Chase Taxable	\$10,704,015	HHH	\$10,407,427
Los Angeles Housing HHH	\$10,407,427	Accrued Deferred Interest HHH	\$95,483
LACDA- AHTF	\$2,900,000	LACDA	\$3,000,000
Cost Deferral	\$2,206,638	Accrued Deferred Interest LACDA	\$75,581
General Partner Contribution	\$100	General Partner Contribution	\$100
Tax Credit Equity	\$1,649,729	HCD SuperNOFA MHP	\$13,729,213
		Tax Credit Equity	\$18,207,290
		TOTAL	\$56,329,094

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$38,046,172
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$49,460,024
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,978,401
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.92030

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 proposed rents do not include any utility allowance. The owner will pay for all utilities.

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(l).