

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

May 10, 2023

Metro @ Florence, located at 7220 Maie Avenue in Los Angeles, requested and is being recommended for a reservation of \$4,175,343 in annual federal tax credits and \$21,631,124 in total state tax credits to finance the new construction of 158 units of housing serving special needs tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Meta Development, LLC and will be located in Senate District 33 and Assembly District 57.

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 Infill Infrastructure Grant (IIG) program of HCD.

Project Number CA-23-500

Project Name Metro @ Florence
Site Address: 7220 Maie Avenue
Los Angeles, CA 90001
County: Los Angeles
Census Tract: 5350.02

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$4,175,343	\$21,631,124
Recommended:	\$4,175,343	\$21,631,124

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

Applicant Information

Applicant: WCH Affordable LXVII, LLC
Contact: Graham Espley-Jones
Address: 151 Kalmus Drive, Suite J-5
Costa Mesa, CA 92626
Phone: (714) 597-8300
Email: graham@wchousing.org

General Partner(s) or Principal Owner(s): Metflo, LLC
WCH Affordable LXVII, LLC
Parent Company(ies): Meta Development, LLC
Western Community Housing, Inc.
Developer: Meta Development, LLC
Bond Issuer: Los Angeles County Development Authority
Investor/Consultant: Redstone Equity Partners
Management Agent: The John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 160
 No. / % of Low Income Units: 158 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt/HUD Section 8 Project-based Vouchers (72 Units - 45%)

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:	77	49%
60% AMI:	81	51%

Unit Mix

40 SRO/Studio Units
 70 1-Bedroom Units
50 2-Bedroom Units
 160 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
4 SRO/Studio	30%	\$478
23 SRO/Studio	30%	\$625
13 SRO/Studio	60%	\$1,250
9 1 Bedroom	30%	\$547
36 1 Bedroom	30%	\$670
25 1 Bedroom	60%	\$1,339
5 2 Bedrooms	30%	\$804
33 2 Bedrooms	60%	\$1,608
10 2 Bedrooms	60%	\$1,608
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$9,102,193
Construction Costs	\$55,761,800
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,800,466
Soft Cost Contingency	\$969,032
Relocation	\$0
Architectural/Engineering	\$2,013,818
Const. Interest, Perm. Financing	\$11,402,396
Legal Fees	\$254,363
Reserves	\$955,966
Other Costs	\$4,615,530
Developer Fee	\$7,500,000
Commercial Costs	\$217,843
Total	\$95,593,407

Residential

Construction Cost Per Square Foot:	\$415
Per Unit Cost:	\$596,097
True Cash Per Unit Cost*:	\$564,918

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank Tax-Exempt	\$46,700,000	Citibank	\$20,580,000
Citibank Taxable	\$18,900,000	LACDA	\$7,000,000
LACDA	\$7,000,000	HCD - Infill Infrastructure Grant	\$6,640,000
HCD - Infill Infrastructure Grant	\$6,640,000	Accrued Interest	\$595,000
Accrued Soft Interest	\$595,000	Deferred Developer Fee	\$5,000,000
Deferred Operating Reserve	\$690,995	Tax Credit Equity	\$55,778,407
Deferred Developer Fee	\$6,700,651	TOTAL	\$95,593,407
Tax Credit Equity	\$8,366,761		

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$80,295,057
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$104,383,574
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,175,343
Total State Credit:	\$21,631,124
Approved Developer Fee (in Project Cost & Eligible Basis):	\$7,500,000
Investor/Consultant:	Redstone Equity Partners
Federal Tax Credit Factor:	\$0.88000
State Tax Credit Factor:	\$0.88000

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).