

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
August 23, 2023**

The project, 1400 Long Beach, located at 1400 Long Beach Boulevard in Long Beach, requested and is being recommended for a reservation of \$3,791,950 in annual federal tax credits and \$20,500,000 in total state tax credits to finance the new construction of 161 units of housing serving families with rents affordable to households earning 30%-70% 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 70.

The project financing includes state funding from the Mixed-Income Program (MIP) through CalHFA.

Project Number CA-23-560
Project Name 1400 Long Beach
Site Address: 1400 Long Beach Boulevard
Long Beach, CA 90813
County: Los Angeles
Census Tract: 5753.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,791,950	\$20,500,000
Recommended:	\$3,791,950	\$20,500,000

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

Applicant Information

Applicant: FFAH V 1400 Long Beach, LLC
Contact: Deborah Willard
Address: 384 Forest Avenue, Suite 14
Laguna Beach, CA 92651
Phone: (949) 715-8497
Email: deborah@ffah.org

General Partner(s) or Principal Owner(s): 1400 Long Beach, LLC
FFAH V 1400 Long Beach, LLC
General Partner Type: Joint Venture
Parent Company(ies): Meta Development, LLC
FFAH V, Inc
Developer: Meta Development, LLC
Bond Issuer: CalHFA
Investor/Consultant: Red Stone Equity Partners
Management Agent: WSH Management, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 163
 No. / % of Low Income Units: 161 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt

Information

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

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	33	20%
60% AMI:	110	68%
70% AMI:	18	11%

Unit Mix

77 1-Bedroom Units
44 2-Bedroom Units
42 3-Bedroom Units
163 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
15 1 Bedroom	30%	\$670
54 1 Bedroom	60%	\$1,340
8 1 Bedroom	70%	\$1,563
9 2 Bedrooms	30%	\$804
28 2 Bedrooms	60%	\$1,608
5 2 Bedrooms	70%	\$1,876
9 3 Bedrooms	30%	\$929
28 3 Bedrooms	60%	\$1,858
5 3 Bedrooms	70%	\$2,168
2 2 Bedrooms	Manager's Unit	\$2,822

Project Cost Summary at Application

Land and Acquisition	\$6,473,000
Construction Costs	\$47,777,373
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,379,219
Soft Cost Contingency	\$750,000
Relocation	\$0
Architectural/Engineering	\$1,693,325
Const. Interest, Perm. Financing	\$8,524,357
Legal Fees	\$360,000
Reserves	\$563,245
Other Costs	\$4,937,549
Developer Fee	\$9,511,580
Commercial Costs	\$0
Total	\$82,969,648

Residential

Construction Cost Per Square Foot:	\$296
Per Unit Cost:	\$509,016
True Cash Per Unit Cost*:	\$469,755

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank: Tax-Exempt	\$42,500,000	CalHFA	\$18,445,000
Citibank: Taxable	\$26,000,000	CalHFA: MIP	\$4,000,000
Deferred Costs	\$563,245	Deferred Developer Fee	\$6,399,513
Deferred Developer Fee	\$8,493,890	Tax Credit Equity	\$54,125,135
Federal Tax Credit Equity	\$3,526,514	TOTAL	\$82,969,648
State Tax Credit Equity	\$1,886,000		

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$72,922,115
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$94,798,749
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,791,950
Total State Credit:	\$20,500,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$9,511,580
Investor/Consultant:	Red Stone Equity Partners
Federal Tax Credit Factor:	\$0.93000
State Tax Credit Factor:	\$0.92000

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 applicant's estimate for annual operating expenses per unit is below the \$6,200 published per unit operating expense minimum required for this type of project. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves the annual per unit operating expense of \$5,573, with agreement from 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).