

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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

First Street North A Apartments, located at 232 Judge John Aiso Street in Los Angeles, requested and is being recommended for a reservation of \$4,523,012 in annual federal tax credits to finance the new construction of 179 units of housing serving tenants with rents affordable to households earning 30%-80% of area median income (AMI). The project will be developed by LTSC Community Development Corporation and will be located in Senate District 26 and Assembly District 54.

The project financing includes state funding from HCD's Infill Infrastructure Grant (IIG) and Veterans Housing and Homelessness Prevention (VHHP) programs.

Project Number CA-23-564

Project Name First Street North A Apartments
Site Address: 232 Judge John Aiso Street
Los Angeles, CA 90012
County: Los Angeles
Census Tract: 2062.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$4,523,012	\$0
Recommended:	\$4,523,012	\$0

Applicant Information

Applicant: LTSC Community Development Corporation
Contact: Erich Nakano
Address: 231 East Third Street, Suite G106
Los Angeles, CA 90013
Phone: 213-473-1685
Email: enakano@ltsc.org

General Partner(s) or Principal Owner(s): FSN A Apartments, LLC
General Partner Type: Nonprofit
Parent Company(ies): LTSC Community Development Corporation
Developer: LTSC Community Development Corporation
Bond Issuer: City of Los Angeles
Investor/Consultant: California Housing Partnership Corporation
Management Agent: Levine Property Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 181
No. / % of Low Income Units: 179 100.00%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Tax-Exempt / HOME

Information

Housing Type: Non-Targeted
 Geographic Area: City of Los Angeles
 CTCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	36	20%
40% AMI:	36	20%
50% AMI:	48	27%
60% AMI:	21	12%
70% AMI:	27	15%
80% AMI:	11	6%

Unit Mix

59 SRO/Studio Units
 28 1-Bedroom Units
 45 2-Bedroom Units
 49 3-Bedroom Units

 181 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
16 SRO/Studio	30%	\$625
9 1 Bedroom	30%	\$670
6 2 Bedrooms	30%	\$804
5 3 Bedrooms	30%	\$929
5 SRO/Studio	40%	\$834
3 1 Bedroom	40%	\$893
13 2 Bedrooms	40%	\$1,072
15 3 Bedrooms	40%	\$1,238
7 SRO/Studio	50%	\$1,042
2 1 Bedroom	50%	\$1,093
13 2 Bedrooms	50%	\$1,340
14 3 Bedrooms	50%	\$1,548
9 SRO/Studio	50%	\$625
3 1 Bedroom	50%	\$670
7 SRO/Studio	60%	\$1,250
4 1 Bedroom	60%	\$1,339
5 2 Bedrooms	60%	\$1,608
5 3 Bedrooms	60%	\$1,858
15 SRO/Studio	70%	\$1,459
4 1 Bedroom	70%	\$1,562
4 2 Bedrooms	70%	\$1,876
4 3 Bedrooms	70%	\$2,167
3 1 Bedroom	80%	\$1,786
2 2 Bedrooms	80%	\$2,144
6 3 Bedrooms	80%	\$2,477
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$348,751
Construction Costs	\$63,118,332
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$5,061,182
Soft Cost Contingency	\$731,296
Relocation	\$0
Architectural/Engineering	\$2,830,660
Const. Interest, Perm. Financing	\$11,804,348
Legal Fees	\$296,546
Reserves	\$576,482
Other Costs	\$3,360,715
Developer Fee	\$5,000,000
Commercial Costs	\$0
Total	\$93,128,312

Residential

Construction Cost Per Square Foot:	\$208
Per Unit Cost:	\$514,521
True Cash Per Unit Cost ¹ :	\$507,615

Construction Financing

Source	Amount
U.S. Bank: Tax-Exempt	\$47,928,000
U.S. Bank: Taxable	\$16,487,622
HCD: IIG	\$4,201,265
LAHD ² : HOME and City	\$14,000,000
Deferred Costs	\$1,177,420
Contributed Developer Fee	\$2,500,000
Deferred Developer Fee	\$1,250,000
Tax Credit Equity	\$5,584,005

Permanent Financing

Source	Amount
U.S. Bank: Tax-Exempt	\$11,122,000
HCD: VHHP	\$11,330,350
HCD: IIG	\$4,668,072
LAHD ² : HOME and City	\$14,000,000
LAHD ²	\$5,000,000
Contributed Developer Fee	\$2,500,000
Deferred Developer Fee	\$1,250,000
Tax Credit Equity	\$43,257,890
TOTAL	\$93,128,312

¹Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

²Los Angeles Housing Department

Determination of Credit Amount(s)

Requested Eligible Basis:	\$86,980,996
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$113,075,295
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,523,012
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,000,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.95640

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 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-23-564 must be completed as part of the placed-in-service package.

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).