

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

December 6, 2023

U.S. VETS-WLAVA Building 210, located at 790 Bonsall Avenue in Los Angeles, requested and is being recommended for a reservation of \$1,075,583 in annual federal tax credits to finance the adaptive reuse of 37 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 U.S. VETS Housing Corporation and will be located in Senate District 24 and Assembly District 42.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-23-600

Project Name U.S. VETS-WLAVA Building 210
Site Address: 790 Bonsall Avenue
Los Angeles, CA 90049
County: Los Angeles
Census Tract: 6037701100.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,075,583	\$0
Recommended:	\$1,075,583	\$0

Applicant Information

Applicant: U.S. VETS Housing Corporation
Contact: Lori Allgood
Address: 800 West 6th Street, Suite 1505
Los Angeles, CA 90017
Phone: (213) 610-7649
Email: lallgood@usvets.org

General Partner(s) or Principal Owner(s): U.S. VETS-WLAVA Building 210, LLC
Parent Company(ies): U.S. Vets Housing Corporation
Developer: U.S. VETS Housing Corporation
Bond Issuer: CMFA - California Municipal Finance Authority
Investor/Consultant: CREA LLC
Management Agent: Hyder Property Management Professionals

Project Information

Construction Type: Adaptive Reuse
Total # Residential Buildings: 1
Total # of Units: 38
No. / % of Low Income Units: 37 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD VASH Section 8 Project-based Vouchers (24 Units - 65%)

Information

Housing Type: Special Needs
Geographic Area: Balance of Los Angeles County
CTCAC Project Analyst: Chris Saenz

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	24	65%
50% AMI:	13	35%

Unit Mix

12 SRO/Studio Units
26 1-Bedroom Units
38 Total Units

Unit Type & Number	2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
2 1 Bedroom	50%	\$1,182
11 1 Bedroom	50%	\$1,182
11 1 Bedroom	30%	\$709
2 1 Bedroom	30%	\$709
1 SRO/Studio	30%	\$662
10 SRO/Studio	30%	\$200
1 SRO/Studio	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$6,291,619
Construction Costs	\$16,539,188
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,664,922
Soft Cost Contingency	\$250,000
Relocation	\$0
Architectural/Engineering	\$1,245,825
Const. Interest, Perm. Financing	\$1,829,911
Legal Fees	\$413,750
Reserves	\$659,393
Other Costs	\$881,025
Developer Fee	\$3,353,337
Commercial Costs	\$0
Total	\$33,128,970

Residential

Construction Cost Per Square Foot:	\$644
Per Unit Cost:	\$871,815
True Cash Per Unit Cost*:	\$848,591

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank: Tax-Exempt	\$14,219,583	Land Donation ¹	\$5,750,000
Land Donation ¹	\$5,750,000	Tunnel to Towers Foundation ²	\$5,750,000
Tunnel to Towers Foundation ²	\$5,750,000	Home Depot Foundation	\$3,000,000
Home Depot Foundation	\$900,916	PACT Grant ³	\$4,650,000
Historical Tax Credits	\$834,006	Deferred Developer Fee	\$882,503
Deferred Costs	\$5,223,979	Historical Tax Credits	\$4,170,029
Tax Credit Equity	\$892,644	Tax Credit Equity	\$8,926,438
		TOTAL	\$33,128,970

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

¹Land Donation: US Department of Veteran Affairs

²Stephen Siller Tunnel to Towers Foundation

³Promise to Address Comprehensive Toxins Act of 2022

Determination of Credit Amount(s)

Requested Eligible Basis:	\$20,684,284
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$26,889,569
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,075,583
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,353,337
Investor/Consultant:	CREA LLC
Federal Tax Credit Factor:	\$0.82992

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:

Staff noted a per unit development cost of \$848,591. The applicant noted that the per unit cost is attributed to federal and state prevailing wage requirements, construction costs, and high interest rates.

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).