CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 6, 2023

Avalon Courtyard, located at 22121 South Avalon Boulevard in Carson, requested and is being recommended for a reservation of $1,011,674 in annual federal tax credits to finance the acquisition & rehabilitation of 91 units of housing serving seniors with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Thomas Safran & Associates Development, Inc. and is located in Senate District 35 and Assembly District 69.

Avalon Courtyard is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Avalon Courtyard (CA-93-130). See Resyndication and Resyndication Transfer Event below for additional information

Project Number	CA-23-625
Project Name	Avalon Courtyard
Site Address:	22121 South Avalon Boulevard Carson, CA 90745
County:	Los Angeles
Census Tract:	5438.03

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,011,674	$0
Recommended:	$1,011,674	$0

Applicant Information

Applicant:	Thomas Safran & Associates Development, Inc.
Contact:	Anthony Yannatta; Harkiran Chauhan
Address:	11811 San Vicente Boulevard Los Angeles, CA 90049
Phone:	310-490-8482
Email:	anthony@tsahousing.com; harkiran@tsahousing.com

General Partner(s) or Principal Owner(s):	Thomas Safran & Associates Development, Inc. Housing Corporation of America
General Partner Type:	Joint Venture
Parent Company(ies):	Thomas Safran & Associates Development, Inc. Housing Corporation of America
Developer:	Thomas Safran & Associates Development, Inc.
Bond Issuer:	California Municipal Finance Authority
Investor/Consultant:	Wells Fargo Community Lending
Management Agent:	Thomas Safran & Associates, Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation	
Total # Residential Buildings:	1	
Total # of Units:	92	
No. / % of Low Income Units:	91	100.00%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt	

Information

Housing Type:	Seniors
Geographic Area:	Balance of Los Angeles County
CTCAC Project Analyst:	Cynthia Compton

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	10	11%
50% AMI:	36	40%
60% AMI:	45	49%

Unit Mix

91	1-Bedroom Units
1	2-Bedroom Units
92	Total Units

Unit Type & Number		2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
10	1 Bedroom	30%	$709
36	1 Bedroom	50%	$1,032
45	1 Bedroom	60%	$1,270
1	2 Bedrooms	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$14,289,748
Construction Costs	$0
Rehabilitation Costs	$6,104,409
Construction Hard Cost Contingency	$661,924
Soft Cost Contingency	$278,147
Relocation	$460,000
Architectural/Engineering	$495,000
Const. Interest, Perm. Financing	$1,486,822
Legal Fees	$250,485
Reserves	$367,737
Other Costs	$575,560
Developer Fee	$1,981,467
Commercial Costs	$0
Total	**$26,951,299**

Residential

Construction Cost Per Square Foot:	$74
Per Unit Cost:	$292,949
True Cash Per Unit Cost*:	$231,215

Construction Financing

Source	Amount
Wells Fargo: Tax-Exempt[1]	$14,250,000
City of Carson	$5,454,319
City of Carson: Accrued Interest	$201,075
Seller Carryback: Accrued Interest	$386,250
Acquired Reserves	$117,737
Net Operating Income	$553,990
Deferred Developer Fee	$1,982,156
Tax Credit Equity	$4,005,772

Permanent Financing

Source	Amount
Wells Fargo: Tax-Exempt	$4,882,600
City of Carson	$5,454,319
City of Carson: Accrued Interest	$201,075
Seller Carryback	$5,150,000
Seller Carryback: Accrued Interes	$386,250
Acquired Reserves	$117,737
Net Operating Income	$517,765
Deferred Developer Fee	$529,483
Tax Credit Equity	$9,712,070
TOTAL	$26,951,299

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

[1]Wells Fargo Tax-Exempt loan includes a Conventional Freddie TEL Loan of $4,882,600, a Wells Fargo Equity Bridge Loan of $4,217,400, & a Tax-Exempt Seller Note of $5,150,000

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$11,380,282
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$10,500,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$14,794,367
Qualified Basis (Acquisition):	$10,500,000
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$591,674
Maximum Annual Federal Credit, Acquisition:	$420,000
Total Maximum Annual Federal Credit:	$1,011,674
Total State Credit:	#DIV/0!
Approved Developer Fee in Project Cost:	$1,981,467
Approved Developer Fee in Eligible Basis:	$1,981,467
Investor/Consultant:	Wells Fargo Community Lending
Federal Tax Credit Factor:	$0.96000

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 has requested and been granted a waiver to reduce the 10% mobility feature requirement under CTCAC Regulation Section 10325(f)(7)(K) down to 5%.

Resyndication and Resyndication Transfer Event
Prior to closing, the applicant or its assignee shall obtain CTCAC's consent to assign and assume the existing Regulatory Agreement (CA-93-130). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s). Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-93-130) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

The project is a resyndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from the requirements under CTCAC Regulation Section 10320(b)(4)(B).

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).