

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
December 6, 2023**

The project, 728 Lagoon, located at 728 Lagoon Avenue in Los Angeles, requested and is being recommended for a reservation of \$1,746,130 in annual federal tax credits to finance the new construction of 39 units of housing serving special needs tenants with rents affordable to households earning 30% of area median income (AMI). The project will be developed by Clifford Beers Housing (a/k/a Holos Communities) and will be located in Senate District 35 and Assembly District 65.

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 Multifamily Housing Program (MHP) program of HCD.

**Project Number** CA-23-642

**Project Name** 728 Lagoon  
**Site Address:** 728 Lagoon Avenue  
Los Angeles , CA 90744  
**County:** Los Angeles  
**Census Tract:** 2948.20

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,746,130	\$0
Recommended:	\$1,746,130	\$0

**Applicant Information**

**Applicant:** 728 Lagoon PSH 3 LP  
**Contact:** Dylan Coyle  
**Address:** 11739 Victory Blvd  
North Hollywood, CA 91606  
**Phone:** 213-316-0108  
**Email:** dcoyle@holoscommunities.org

**General Partner(s) or Principal Owner(s):** 728 Lagoon PSH 3 LLC  
**General Partner Type:** Nonprofit  
**Parent Company(ies):** Clifford Beers Housing (a/k/a Holos Communities)  
**Developer:** Clifford Beers Housing (a/k/a Holos Communities)  
**Bond Issuer:** City of Los Angeles, Housing Department  
**Investor/Consultant:** Enterprise Housing  
**Management Agent:** Levine Management Group

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 40  
 No. / % of Low Income Units: 39 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (34 Units - 87%)

**Information**

Housing Type: Special Needs  
 Geographic Area: City of Los Angeles  
 CTCAC Project Analyst: Franklin Cui

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	39	100%

**Unit Mix**

40 2-Bedroom Units
<u>40 Total Units</u>

<b>Unit Type &amp; Number</b>	<b>2023 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
34 2 Bedrooms	30%	\$798
5 2 Bedrooms	30%	\$411
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,907,075
Construction Costs	\$22,685,551
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,827,130
Soft Cost Contingency	\$194,193
Relocation	\$0
Architectural/Engineering	\$592,438
Const. Interest, Perm. Financing	\$3,291,228
Legal Fees	\$130,000
Reserves	\$570,714
Other Costs	\$1,185,220
Developer Fee	\$4,379,924
Commercial Costs	\$0
<b>Total</b>	<b>\$36,763,473</b>

## Residential

Construction Cost Per Square Foot:	\$700
Per Unit Cost:	\$919,087
True Cash Per Unit Cost*:	\$872,089

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Key Bank Tax-Exempt	\$18,468,316	Key Bank	\$5,382,764
Key Bank Taxable	\$6,398,805	LAHD Proposition HHH	\$3,900,000
Deferred Costs	\$727,087	HCD MHP	\$11,362,419
General Partner Equity	\$100	Deferred Developer Fee	\$1,879,924
Deferred Developer Fee	\$1,226,379	General Partner Equity	\$100
Tax Credit Equity	\$9,942,786	Tax Credit Equity	\$14,238,266
		<b>TOTAL</b>	<b>\$36,763,473</b>

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

### Determination of Credit Amount(s)

Requested Eligible Basis:	\$33,579,422
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$43,653,249
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,746,130
Approved Developer Fee (in Project Cost & Eligible Basis):	\$4,379,924
Investor/Consultant:	Enterprise Housing
Federal Tax Credit Factor:	\$0.81542

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 cost of \$872,089. The per unit cost of the project is due to labor and material price escalations that have increased the cost of goods, services, and capital. Construction material costs have risen, leading to significant projected construction cost increases.

**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).