

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
April 8, 2025**

The project, 537 Kenmore, located at 537 North Kenmore Avenue in Los Angeles on a 0.24 acre site, requested and is being recommended for a reservation of \$787,559 in annual federal tax credits and \$9,375,000 of tax-exempt bond cap to finance the new construction of 65 units of housing, consisting of 64 restricted rental units and 1 unrestricted manager's unit. The project will have 65 one-bedroom units, serving tenants with rents affordable to households earning 30%-70% of area median income (AMI). The construction is expected to begin in September 2025 and be completed in March 2027. The project will be developed by 537 N Kenmore LP and will be located in Senate District 26 and Assembly District 54.

Project Number CA-25-411

Project Name 537 Kenmore
Site Address: 537 North Kenmore Avenue
Los Angeles, CA 90004
County: Los Angeles
Census Tract: 1926.10

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$787,559	\$0
Recommended:	\$787,559	\$0

Tax-Exempt Bond Allocation
Recommended: \$9,375,000

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: 537 N Kenmore LP
Contact: Tommy Beadel
Address: 7700 Irvine Center Drive, Suite 780
Irvine, CA 92618
Phone: 949-979-0833
Email: tommy@hvndevelopment.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: CA Municipal Finance Authority
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A.

Development Team
General Partners / Principal Owners: HVN 537 N Kenmore LLC
Affordable Housing Alliance II, Inc. dba Integrity Housing
Joint Venture
General Partner Type: 537 N Kenmore LP
Parent Companies: Affordable Housing Alliance II, Inc.
Developer: 537 N Kenmore LP
Investor/Consultant: Key Community Development Corp
Management Agent: Aperto Property Management, Inc.

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	65
No. / % of Low Income Units:	64 100.00%
Average Targeted Affordability:	60.00%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt

Information

Housing Type:	Non-Targeted
Geographic Area:	City of Los Angeles
State Ceiling Pool:	New Construction
CDLAC Project Analyst:	Jake Salle
CTCAC Project Analyst:	Michael Couzens

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	7	11%
50% AMI:	7	11%
60% AMI:	22	34%
70% AMI*:	28	44%

*CTCAC restricted only

Unit Mix

65	1-Bedroom Units
65	Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
7 1 Bedroom	30%	\$780
7 1 Bedroom	50%	\$1,300
22 1 Bedroom	60%	\$1,545
28 1 Bedroom	70%	\$1,545
1 1 Bedroom	Manager's Unit	\$1,833

Project Cost Summary at Application

Land and Acquisition	\$1,826,069
Construction Costs	\$9,898,478
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$496,224
Soft Cost Contingency	\$211,388
Relocation	\$105,000
Architectural/Engineering	\$510,646
Const. Interest, Perm. Financing	\$2,071,295
Legal Fees	\$250,000
Reserves	\$247,217
Other Costs	\$834,453
Developer Fee	\$1,975,481
Commercial Costs	\$0
Total	\$18,426,251

Residential

Construction Cost Per Square Foot:	\$272
Per Unit Cost:	\$283,481
Estimated Hard Per Unit Cost:	\$133,270
True Cash Per Unit Cost*:	\$256,451
Bond Allocation Per Unit:	\$144,231
Bond Allocation Per Restricted Rental Unit:	\$260,417

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank: Tax-Exempt	\$9,375,000	Citibank: Tax-Exempt	\$8,352,000
Citibank: Recycled Tax-Exempt	\$1,500,000	Deferred Developer Fee	\$1,756,959
Citibank: Taxable	\$2,625,000	General Partner Equity	\$1,781,206
Deferred Costs	\$247,217	Tax Credit Equity	\$6,536,086
Deferred Developer Fee	\$1,917,415	TOTAL	\$18,426,251
General Partner Equity	\$1,781,206		
Tax Credit Equity	\$980,413		

*Less Donated Land, Seller Carryback Loans, Waived Fees, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$15,145,357
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$19,688,964
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$787,559
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,975,481
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.

CTCAC Significant Information / Additional Conditions

This Project's annual per unit operating expense total is below the CTCAC published per unit operating minimums of \$6,300. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of \$5,355 on agreement of the permanent lender and equity investor.

CDLAC Analyst Comments: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

The applicant 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).

Point Criteria	New Const. Max. Points	Rehabilitation Max. Points	Points Scored
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	9
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	119

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

Tie Breaker: 154.684%