

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE  
Project Staff Report  
Qualified Private Activity Tax-Exempt Bond Project  
August 5, 2025**

Estrella Azul, located at 2201-2207 East 1st Street in Los Angeles on a 0.45 acre site, requested and is being recommended for a reservation of \$2,453,354 in annual federal tax credits and \$27,292,075 of tax-exempt bond cap to finance the new construction of 80 units of housing, consisting of 79 restricted rental units and 1 unrestricted manager's unit. The project will have 79 studio units, 1 two-bedroom unit, serving special needs tenants with rents affordable to households earning 30%-40% of area median income (AMI). The construction is expected to begin in February 2026 and be completed in January 2028. The project will be developed by A Community of Friends and will be located in Senate District 26 and Assembly District 54.

Estrella Azul is a resyndication of an existing Low Income Housing Tax Credit (LIHTC) project, Las Palomas Hotel (CA-93-129). See Resyndication and Resyndication Transfer Event below for additional information. The project will be receiving rental assistance in the form of HUD Section 8 Project-based vouchers (PBVs) and HUD Rental Assistance Demonstration (RAD) Project-Based Vouchers. The project financing includes state funding from the No Place Like Home (NPLH) and Infill Infrastructure Grant (IIG) programs of HCD.

**Project Number** CA-25-643

**Project Name** Estrella Azul  
Site Address: 2201-2207 East 1st Street  
Los Angeles, CA 90033  
County: Los Angeles  
Census Tract: 2044.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,453,354	\$0
Recommended:	\$2,453,354	\$0

**Tax-Exempt Bond Allocation**  
Recommended: \$27,292,075

**CTCAC Applicant Information**  
CTCAC Applicant/CDLAC Sponsor: Estrella Azul, L.P.  
Contact: Dora Leong Gallo  
Address: 3701 Wilshire Boulevard #700  
Los Angeles, CA 90010  
Phone: 213-480-0809  
Email: dgallo@acof.org

## Bond Financing Information

CDLAC Applicant/Bond Issuer:	City of Los Angeles
Bond Counsel:	Kutak Rock LLP
Private Placement Purchaser:	Citibank, N.A.
Cash Flow Permanent Bond:	Not Applicable
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Rating:	Not Applicable
Denomination:	Not Applicable

## Development Team

General Partner / Principal Owner:	Supportive Housing LLC
General Partner Type:	Nonprofit
Parent Company:	A Community of Friends
Developer:	A Community of Friends
Investor/Consultant:	California Housing Partnership
Management Agent:	A Community of Friends

## Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	80
No. / % of Low Income Units:	79 100.00%
Average Targeted Affordability:	30.25%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (18 Units - 23%) / HUD RAD Project Based Vouchers ( 61 Units - 77%) / National Housing Trust Fund (NHTF) / Community Development Block Grant (CDBG)

## Information

Housing Type:	Special Needs
% of Special Need Units:	79 units 100%
Geographic Area:	City of Los Angeles
State Ceiling Pool:	New Construction
Set Aside:	Homeless Set Aside
Homeless Set Aside Units:	79
CDLAC Project Analyst:	Sarah Lester
CTCAC Project Analyst:	Nick White

## 55-Year Use / Affordability

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	77	97%
40% AMI:	2	3%

**Unit Mix**

79	SRO/Studio Units
1	2-Bedroom Units
80	Total Units

<b>Unit Type &amp; Number</b>	<b>2025 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
77 SRO/Studio	30%	\$795
2 SRO/Studio	40%	\$1,060
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$5,925,695
Construction Costs	\$33,768,967
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,948,209
Soft Cost Contingency	\$642,756
Relocation	\$4,454,342
Architectural/Engineering	\$2,026,576
Const. Interest, Perm. Financing	\$5,276,154
Legal Fees	\$361,000
Reserves	\$644,016
Other Costs	\$1,955,659
Developer Fee	\$3,500,000
Commercial Costs	\$0
<b>Total</b>	<b>\$60,503,374</b>

**Residential**

Construction Cost Per Square Foot:	\$697
Per Unit Cost:	\$756,292
Estimated Hard Per Unit Cost:	\$360,636
True Cash Per Unit Cost*:	\$743,792
Bond Allocation Per Unit:	\$341,151
Bond Allocation Per Restricted Rental Unit:	\$345,469

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
Citibank: Tax-Exempt	\$27,292,075	Citibank: Tax-Exempt	\$6,133,000
Citibank: Taxable	\$4,310,656	HCD: NHTF	\$17,695,837
HCD: NHTF	\$15,926,253	HCD: IIG	\$2,238,360
HCD: IIG	\$2,238,360	LAHD <sup>1</sup> : CDBG	\$5,094,595
LAHD <sup>1</sup> : CDBG	\$5,094,595	LACDA <sup>2</sup> : NPLH	\$5,950,000
Deferred Costs	\$2,563,624	Deferred Developer Fee	\$1,000,000
Deferred Developer Fee	\$1,000,000	Tax Credit Equity	\$22,391,582
Tax Credit Equity	\$2,077,811	<b>TOTAL</b>	<b>\$60,503,374</b>

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

<sup>1</sup>LAHD: Los Angeles Housing Department

<sup>2</sup>LACDA: Los Angeles County Development Authority

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$47,179,882
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$61,333,847
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,453,354
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Federal Tax Credit Factor:	\$0.91269

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**

Staff noted a per unit development cost of \$743,792. The applicant noted that the per unit cost is attributed to accrued interest on existing debt, shoring cost, prevailing wages, and relocation costs.

Pursuant to CTCAC Regulation Sections 10327(c)(6) and 10322(h)(9)(A), the applicant has elected to use an acquisition value equal to the sum of the third-party debt encumbering the seller’s property, which may increase during subsequent reviews to reflect the actual amount.

This project requested and received a waiver under CTCAC regulation section 10320(b)(7) to demolish existing residential units and increase the count by 18 additional units. Estrella Azul is an existing SRO project with a CTCAC Regulatory Agreement and full compliance to meet the minimum increase of units was demonstrated to be impractical.

This project has received a comfort letter from HUD for 61 RAD vouchers. The applicant is required to submit an updated commitment letter for these 61 RAD vouchers.

**CDLAC Analyst Comments:** None.

**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-93-129). 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-93-129) is a qualified low-income household for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on CTCAC staff's review of the commitment in the application. The services documented in the placed in service package will be reviewed by CTCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a re-syndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from setting aside a Short Term Work Capitalized Replacement Reserve that is otherwise required.

### **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).

<b>Point Criteria</b>	<b>New Const. Max. Points</b>	<b>Rehabilitation Max. Points</b>	<b>Points Scored</b>
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
<b>Total Points</b>	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:** 113.450%