

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
 CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
 Project Staff Report
 Qualified Private Activity Tax-Exempt Bond Project
 December 10, 2025**

Sky Castle II, located at 350 South Figueroa Street in Los Angeles on a 3.68 acre site, requested and is being recommended for a reservation of \$4,534,936 in annual federal tax credits and \$24,853,880 of tax-exempt bond cap to finance the new construction & adaptive reuse of 271 units of housing, consisting of 268 restricted rental units and 3 unrestricted manager's units. The project will have 48 studio units, 173 one-bedroom units, and 50 two-bedroom units, serving tenants with rents affordable to households earning 30%-80% of area median income (AMI). The rehabilitation is expected to begin in May 2026 and be completed in November 2027. The project will be developed by Arden Development, Inc. and will be located in Senate District 26 and Assembly District 54.

Project Number CA-25-697

Project Name Sky Castle II
 Site Address: 350 South Figueroa Street
 Los Angeles, CA 90071
 County: Los Angeles
 Census Tract: 2075.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$4,534,936	\$0
Recommended:	\$4,534,936	\$0

Tax-Exempt Bond Allocation
 Recommended: \$24,853,880

CTCAC Applicant Information
 CTCAC Applicant/CDLAC Sponsor: Sky Castle II, LP
 Contact: Garrett Lee
 Address: 3470 Wilshire Boulevard, Suite 700
 Los Angeles, CA 90010
 Phone: (213) 365-5000
 Email: garrett@jamisonservices.com

Bond Financing Information
 CDLAC Applicant/Bond Issuer: California Municipal Finance Authority
 Bond Counsel: Orrick, Herrington & Sutcliffe LLP
 Private Placement Purchaser: Citi Community Capital

Development Team

General Partners / Principal Owners:	Kingdom BF LLC Sky Castle Partners II, LLC Spada Development, LLC
General Partner Type:	Joint Venture
Parent Companies:	Kingdom Development, Inc. Gramercy Park Partners, Inc. Spada Development, LLC
Developer:	Arden Development, Inc.
Investor/Consultant:	RBC Community Investments
Management Agent:	Aperto Property Management, Inc.

Project Information

Construction Type:	New Construction & Adaptive Reuse	
Total # Residential Buildings:	1	
Total # of Units:	271	
No. / % of Low Income Units:	268	100.00%
Average Targeted Affordability:	57.01%	
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:	BIPOC
CDLAC Project Analyst:	Erin DeBlaquiere
CTCAC Project Analyst:	Sabrina Yang

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	84	31%
40% AMI:	4	1%
50% AMI:	39	15%
60% AMI:	17	6%
70% AMI*:	29	11%
80% AMI*:	95	35%

*CTCAC restricted only

Unit Mix

48	SRO/Studio Units
173	1-Bedroom Units
50	2-Bedroom Units
271	Total Units

<u>Unit Type & Number</u>	<u>2025 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
40 SRO/Studio	30%	\$795
4 SRO/Studio	40%	\$1,060
4 SRO/Studio	50%	\$1,325
39 1 Bedroom	30%	\$852
35 1 Bedroom	50%	\$1,420
17 1 Bedroom	60%	\$1,704
27 1 Bedroom	70%	\$1,988
55 1 Bedroom	80%	\$2,272
5 2 Bedrooms	30%	\$1,022
2 2 Bedrooms	70%	\$2,385
40 2 Bedrooms	80%	\$2,726
3 2 Bedrooms	Manager's Unit	\$2,670

Project Cost Summary at Application

Land and Acquisition	\$26,641,000
Construction Costs	\$43,126,115
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,563,308
Soft Cost Contingency	\$914,780
Relocation	\$0
Architectural/Engineering	\$2,336,984
Const. Interest, Perm. Financing	\$9,628,606
Legal Fees	\$659,100
Reserves	\$1,224,429
Other Costs	\$3,103,307
Developer Fee	\$14,598,641
Commercial Costs	\$0
Total	\$103,796,270

Residential

Construction Cost Per Square Foot:	\$278
Per Unit Cost:	\$383,012
Estimated Hard Per Unit Cost:	\$138,436
True Cash Per Unit Cost*:	\$316,121
Bond Allocation Per Unit:	\$91,712
Bond Allocation Per Restricted Rental Unit:	\$172,596

Construction Financing

<u>Source</u>	<u>Amount</u>
Citibank: Tax-Exempt	\$24,853,880
Citibank: Recycled Tax-Exempt	\$10,000,000
Citibank: Taxable	\$38,454,048
Seller Carryback	\$4,990,000
Deferred Costs	\$19,580,842
Tax Credit Equity	\$5,917,500

Permanent Financing

<u>Source</u>	<u>Amount</u>
Citibank	\$46,218,807
Seller Carryback	\$4,990,000
Deferred Developer Fee	\$13,137,465
Tax Credit Equity	\$39,449,998
TOTAL	\$103,796,270

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$65,271,846
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$28,520,000
Applicable Fraction:	100.00%
Qualified Basis:	\$84,853,400
Qualified Basis (Acquisition):	\$28,520,000
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$3,394,136
Maximum Annual Federal Credit, Acquisition:	\$1,140,800
Total Maximum Annual Federal Credit:	\$4,534,936
Approved Developer Fee (in Project Cost & Eligible Basis):	\$14,598,641
Federal Tax Credit Factor:	\$0.86991

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 will include the new construction of a building consisting of 271 total units and the adaptive reuse of an existing commercial building constructed in the 1970's. The adaptive reuse portion refers to the existing office tower (floors 6–13), which will be converted into residential units, while the commercial concourse on floors 4 and 5 will be renovated and reconfigured to include offices and community space. Upon completion, the project will include 268 LIHTC units and 3 manager’s units.

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 25% 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	0
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: 331.863%