

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
May 12, 2026**

Sherman Way Biltmore Apartments, located at 17910 Sherman Way in Reseda on a 3.78 acre site, requested and is being recommended for a reservation of \$2,447,211 in annual federal tax credits and \$24,462,000 of tax-exempt bond cap to finance the acquisition & rehabilitation of 102 units of housing, consisting of 101 restricted rental units and 1 unrestricted manager's unit. The project has 8 one-bedroom units, 74 two-bedroom units, and 20 three-bedroom units, serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The construction is expected to begin in September 2026 and be completed in June 2027. The project will be developed by SP Tax Credit Developer 3 LLC and is located in Senate District 20 and Assembly District 46.

The project is currently at-risk, but is being recommended for a reservation of tax credits that will preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

Project Number CA-26-461

Project Name Sherman Way Biltmore Apartments
Site Address: 17910 Sherman Way
Reseda, CA 91335

County: Los Angeles
Census Tract: 1323.01

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,447,211	\$0
Recommended:	\$2,447,211	\$0

Tax-Exempt Bond Allocation
Recommended: \$24,462,000

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Sherman Way Preservation LP
Contact: Brian Fulbright
Address: 2315 4th Avenue, Suite 400
Seattle, WA 98121
Phone: (206) 628-8012
Email: brianf@secprop.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: CMFA
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Public Sale: Applicable
Underwriter: Capitol One

Development Team

General Partner / Principal Owner:	Las Palmas Housing & Development Corporation
General Partner Type:	Nonprofit
Parent Company:	Las Palmas Housing & Development Corporation
Developer:	SP Tax Credit Developer 3 LLC
Investor/Consultant:	Enterprise Community Partners
Management Agent:	Apartment Management Consultants

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	10
Total # of Units:	102
No. / % of Low Income Units:	101 100.00%
Average Targeted Affordability:	55.64%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Contract (67 Units - 66%)

Information

Housing Type:	At-Risk
Geographic Area:	City of Los Angeles
State Ceiling Pool:	Acquisition/Rehabilitation
CDLAC Project Analyst:	Erin DeBlaquiere
CTCAC Project Analyst:	Ruben Barcelo

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	11	11%
50% AMI:	11	11%
60% AMI:	79	78%

Unit Mix

8	1-Bedroom Units
74	2-Bedroom Units
20	3-Bedroom Units
102	Total Units

<u>Unit Type & Number</u>	<u>2025 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	60%	\$1,704
24 2 Bedrooms	60%	\$2,045
3 2 Bedrooms	60%	\$2,045
6 3 Bedrooms	60%	\$2,363
1 1 Bedroom	30%	\$852
1 1 Bedroom	50%	\$1,420
5 1 Bedroom	60%	\$1,704
8 2 Bedrooms	30%	\$1,022
8 2 Bedrooms	50%	\$1,704
31 2 Bedrooms	60%	\$2,045
2 3 Bedrooms	30%	\$1,182
2 3 Bedrooms	50%	\$1,969
9 3 Bedrooms	60%	\$2,363
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$41,650,000
Construction Costs	\$0
Rehabilitation Costs	\$8,945,464
Construction Hard Cost Contingency	\$894,546
Soft Cost Contingency	\$150,000
Relocation	\$810,500
Architectural/Engineering	\$285,000
Const. Interest, Perm. Financing	\$3,118,986
Legal Fees	\$788,200
Reserves	\$1,040,776
Other Costs	\$634,810
Developer Fee	\$7,444,591
Commercial Costs	\$0
Total	\$65,762,873

Residential

Construction Cost Per Square Foot:	\$98
Per Unit Cost:	\$644,734
Estimated Hard Per Unit Cost:	\$75,604
True Cash Per Unit Cost*:	\$576,588
Bond Allocation Per Unit:	\$239,824
Bond Allocation Per Restricted Rental Unit:	\$242,198

Construction Financing

<u>Source</u>	<u>Amount</u>
CapitalOne: Tax-Exempt	\$24,462,000
CapitalOne: Recycled Tax-Exempt	\$6,404,000
Security Properties	\$4,500,000
Net Operating income	\$2,400,000
Deferred Developer Fee	\$6,950,858
Tax Credit Equity	\$21,046,015

Permanent Financing

<u>Source</u>	<u>Amount</u>
CapitalOne: Tax-Exempt	\$24,462,000
CapitalOne: Recycled Tax-Exempt	\$6,404,000
Security Properties	\$4,500,000
Net Operating income	\$2,400,000
Deferred Developer Fee	\$6,950,858
Tax Credit Equity	\$21,046,015
TOTAL	\$65,762,873

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$13,683,639
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$43,391,556
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$17,788,731
Qualified Basis (Acquisition):	\$43,391,556
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$711,549
Maximum Annual Federal Credit, Acquisition:	\$1,735,662
Total Maximum Annual Federal Credit:	\$2,447,211
Approved Developer Fee in Project Cost:	\$7,444,591
Approved Developer Fee in Eligible Basis:	\$7,444,590
Federal Tax Credit Factor:	\$0.86000

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

The reservation of tax credits is contingent upon verification of the rental subsidy annual amount, number of units receiving assistance, term, and expiration date by the bond issuance deadline.

CDLAC Analyst Comments: No

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 and the terms of the bond and tax credit award as presented in the application and summarized in this staff report. CTCAC will verify the project complied with all terms of the award at placed-in-service review.

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).

CA-26-461 / Sherman Way Biltmore Apartments

Points System	Max. Possible		Points Requested	Points Awarded
	New Const.	Rehab.		
Acquisition/Rehabilitation Project Priorities	0	20	20	20
At-Risk Project	0	20	20	20
Exceeding Minimum Income Restrictions	20	20	20	20
Tax Credit Units: 10% @ <=30% AMI & 10% @ <=50% AMI	20	0	20	20
Exceeding Minimum Rent Restrictions	10	10	10	10
General Partner & Management Company	10	10	10	10
General Partner Experience	7	7	7	7
Management Company Experience	3	3	3	3
Readiness to Proceed	10	10	10	10
Service Amenities	10	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES; NON-TARGETED				
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3	3
Cost Containment	12	12	12	12
Project eligible basis is 32% less than the CDLAC adjusted TBL; 1 pt per %	12	12	12	12
Site Amenities	10	10	10	10
Within 1/8 mile of transit, service every 30 min, 25 units/acre density	7	7	7	7
Within 1/2 mile of public park or community center open to general public	3	3	3	3
Within 1 1/2 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3	3
Within 1/2 mile of a pharmacy	2	2	2	2
Total Points	112	102	102	102

Tie Breaker:

161.450%