

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2024 First Round**

**May 15, 2024**

The project, 18722 Sherman Way, located at 18722 Sherman Way in Los Angeles, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$6,893,775 in total state tax credits to finance the new construction of 63 units of housing serving special needs tenants with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by LA Family Housing Corporation and will be located in Senate District 27 and Assembly District 46.

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 Infill Infrastructure Grant (IIG) of HCD.

**Project Number** CA-24-044

**Project Name** 18722 Sherman Way  
Site Address: 18722 Sherman Way  
Los Angeles, CA 91335  
County: Los Angeles  
Census Tract: 1310.24

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,500,000	\$6,893,775
Recommended:	\$2,500,000	\$6,893,775

\* The applicant made an election to sell (Certificate) all or any portion of the state credits.

**Applicant Information**

Applicant: LA Family Housing Corporation  
Contact: Elda Mendez-Lemus  
Address: 7843 Lankshershim Blvd  
North Hollywood , CA 91605  
Phone: (818) 430-5720  
Email: emendez@lafh.org

General Partner(s) / Principal Owner(s): 18722 Sherman Way GP LLC  
General Partner Type: Nonprofit  
Parent Company(ies): LA Family Housing Corporation  
Developer: LA Family Housing Corporation  
Investor/Consultant: California Housing Partnership Corporation  
Management Agent(s): Abode Communities

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 64  
 No. & % of Tax Credit Units: 63 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HUD Section 8 Project-based Vouchers (63 Units - 100%)

**Information**

Set-Aside: Special Needs  
 Housing Type: Special Needs  
 Type of Special Needs: Homeless and Chronically Homeless  
 Average Targeted Affordability of Special Needs Project Units: 34.80%  
 % of Special Need Units: 63 units 100.00%  
 Geographic Area: City of Los Angeles  
 CTCAC Project Analyst: Sopida Steinwert

**55-Year Use / Affordability**

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 30% AMI:	48	75%
At or Below 50% AMI:	15	20%

**Unit Mix**

<u>63 SRO/Studio Units</u>
64 Total Units

<u>Unit Type &amp; Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
48 SRO/Studio	30%	\$662
15 SRO/Studio	50%	\$1,010
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$5,126,043
Construction Costs	\$25,616,067
Construction Contingency	\$2,845,912
Relocation	\$160,000
Architectural/Engineering	\$2,086,200
Const. Interest, Perm. Financing	\$6,097,394
Legal Fees	\$260,000
Reserves	\$718,274
Other Costs	\$2,189,697
Developer Fee	\$2,500,000
<b>Total</b>	<b>\$47,599,587</b>

**Residential**

Construction Cost Per Square Foot:	\$656
Per Unit Cost:	\$743,744
True Cash Per Unit Cost*:	\$743,744

**Construction Financing**

**Permanent Financing**

Source	Amount
Citibank	\$32,718,896
LAHD: HHH <sup>1</sup>	\$6,622,908
HCD: IIG	\$3,791,088
Deferred Costs	\$1,803,074
Tax Credit Equity	\$2,663,621

Source	Amount
Citibank	\$8,127,000
LAHD: HHH <sup>1</sup>	\$6,622,908
HCD: IIG	\$4,212,320
Tax Credit Equity	\$28,637,359
<b>TOTAL</b>	<b>\$47,599,587</b>

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

<sup>1</sup>Los Angeles Housing Department Proposition HHH

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$22,979,251
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$29,873,026
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$6,893,775
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.91111
State Tax Credit Factor:	\$0.85000

The “as if vacant” land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**Tie-Breaker Information**

Initial:	<b>Letter of Support</b>
First:	<b>Special Needs</b>
Self-Score Final:	<b>73.468%</b>
CTCAC Final:	<b>68.818%</b>

**Significant Information / Additional Conditions**

Staff noted a per unit development cost of \$743,744. The applicant noted that the per unit cost is attributed to a series of design changes, a prolonged predevelopment period, and the project’s location in the City of Los Angeles, which is an abnormally expensive area to develop and purchase land.

**Resyndication and Resyndication Transfer Event:** None.

### **Local Reviewing Agency**

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

### **Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1/3 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 3/4 mile of public park or community center open to general public	2	2	2
Within 1 mile of public library	2	2	2
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1/2 mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>SPECIAL NEEDS, SRO HOUSING TYPES</b>			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</b>

**Please Note:** If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**