

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2024 First Round

May 15, 2024

Jordan Downs Phase S5, located at 10111 S. Lou Dillon Avenue in Los Angeles, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$12,924,739 in total state tax credits to finance the new construction of 57 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by The Michaels Development Company and will be located in Senate District 35 and Assembly District 65.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and Rental Assistance Demonstration (RAD) Project-based Vouchers. The project financing includes state funding from the Infill Infrastructure Grant (IIG) program of HCD.

Project Number CA-24-053

Project Name Jordan Downs Phase S5
Site Address: 10111 S. Lou Dillon Avenue
Los Angeles, CA 90002
County: Los Angeles
Census Tract: 2421.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,500,000	\$12,924,739
Recommended:	\$2,500,000	\$12,924,739

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Jordan Downs Phase S5, LP
Contact: John Mimms
Address: 2 Cooper Street, 14th Floor
Camden, NJ 08102
Phone: 310-483-1291
Email: jmimms@tmo.com

General Partner(s) / Principal Owner(s): Jordan S5-Michaels, LLC
La Cienega LOMOD, Inc.
General Partner Type: Joint Venture
Parent Company(ies): The Michaels Development Company I, L.P.
Housing Authority of the City of Los Angeles
Developer: The Michaels Development Company
Investor/Consultant: Berkadia Affordable Tax Credit Solutions
Management Agent(s): Michaels Management-Affordable, LLC

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 75
 No. & % of Tax Credit Units: 57 77%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project-based Vouchers (54 Units - 72.00%)
 RAD Conversion Project-based Vouchers (12 Units - 16.00%)

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: City of Los Angeles
 CTCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percent of Required Affordable Units
At or Below 30% AMI:	15	25%
At or Below 50% AMI:	29	40%
At or Below 60% AMI:	13	20%

Unit Mix

2 SRO/Studio Units
 20 1-Bedroom Units
 28 2-Bedroom Units
 19 3-Bedroom Units
 6 4-Bedroom Units

 75 Total Units

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	30%	\$710
2 2 Bedrooms	30%	\$852
1 3 Bedrooms	30%	\$985
1 4 Bedrooms	30%	\$1,098
2 1 Bedroom	50%	\$1,183
4 2 Bedrooms	50%	\$1,419
3 3 Bedrooms	50%	\$1,640
2 4 Bedrooms	50%	\$1,828
1 1 Bedroom	60%	\$1,418
7 2 Bedrooms	60%	\$1,701
3 3 Bedrooms	60%	\$1,968
1 4 Bedrooms	60%	\$2,194
1 2 Bedrooms	50%	\$1,419
1 3 Bedrooms	50%	\$1,640
1 3 Bedrooms	60%	\$1,967
5 2 Bedrooms	30%	\$852
5 3 Bedrooms	30%	\$985
9 1 Bedroom	50%	\$1,183
6 2 Bedrooms	50%	\$1,419
1 3 Bedrooms	50%	\$1,640
1 3 Bedrooms	Manager's Unit	\$0
2 SRO/Studio	Market Rate Unit	\$3,700
1 1 Bedroom	Market Rate Unit	\$1,900
5 1 Bedroom	Market Rate Unit	\$9,500
1 1 Bedroom	Market Rate Unit	\$905
3 2 Bedrooms	Market Rate Unit	\$3,453
3 3 Bedrooms	Market Rate Unit	\$4,488
1 4 Bedrooms	Market Rate Unit	\$1,642
1 5 Bedrooms	Market Rate Unit	\$1,888

Project Cost Summary at Application

Land and Acquisition	\$8,428,840
Construction Costs	\$37,556,852
Construction Contingency	\$2,240,592
Architectural/Engineering	\$2,247,674
Const. Interest, Perm. Financing	\$6,744,182
Legal Fees	\$444,312
Reserves	\$1,253,740
Other Costs	\$3,522,751
Developer Fee	\$2,200,000
Commercial Costs	\$1,363,106
Total	\$66,002,049

Residential

Construction Cost Per Square Foot:	\$546
Per Unit Cost:	\$861,853
True Cash Per Unit Cost*:	\$861,853

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank	\$35,000,000	Citibank	\$12,250,000
HACLA - Ground Lease	\$3,375,000	HACLA - Ground Lease	\$3,375,000
HACLA - Gap Loan	\$4,400,000	HACLA - Gap Loan	\$4,400,000
HACLA - CNI ¹	\$8,050,000	HACLA - CNI ¹	\$8,050,000
HACLA - IIG	\$4,975,000	HACLA - IIG	\$4,975,000
Tax Credit Equity	\$10,202,049	Tax Credit Equity	\$32,952,049
		TOTAL	\$66,002,049

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

¹Choice Neighborhoods Implementation

Determination of Credit Amount(s)

Requested Eligible Basis:	\$56,147,653
130% High Cost Adjustment:	Yes
Applicable Fraction:	77.03%
Qualified Basis:	\$43,248,868
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$12,924,739
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Berkadia Affordable Tax Credit Solutions
Federal Tax Credit Factor:	\$0.92000
State Tax Credit Factor:	\$0.77000

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:	Letter of Support
First:	Large Family
Self-Score Final:	56.198%
CTCAC Final:	44.786%

Significant Information / Additional Conditions

Staff noted a per unit development cost of \$861,853. The applicant noted that the per unit cost is attributed to extraordinary infrastructure and unknown legacy costs atypical of a traditional affordable housing project, the requirement of both Davis Bacon and State of California prevailing wages, HUD Section 3 local hiring requirements, and the podium style of the building with a parking garage below residential housing units.

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.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within 1/3 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within 1 mile of medical clinic or hospital	2	2	2
Within 1 mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	109	109	109

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 REAPPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.