

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
August 6, 2024**

The project, 20th Street Apartments, located at 1634 20th Street in Santa Monica on a 0.46 acre site, requested and is being recommended for a reservation of \$2,879,946 in annual federal tax credits and \$11,973,801 in total state tax credits and \$36,027,000 of tax-exempt bond cap to finance the new construction of 78 units of housing, consisting of 76 restricted rental units, and 2 unrestricted manager's units. The project will have 38 one-bedroom units, 21 two-bedroom units, and 19 three-bedroom units, serving special needs tenants with rents affordable to households earning 30%-60% of area median income (AMI). The building will be a Type I-V construction. Common amenities include large community room, laundry facilities, and on-site property management and resident services. Each unit will have a refrigerator, range/oven, and dishwasher. The construction is expected to begin in February 2025 and be completed in April 2027. The project will be developed by Venice Community Housing Corporation and will be located in Senate District 24 and Assembly District 51.

The project financing includes state funding from the Housing for a Healthy California (HHC), Multifamily Housing Program (MHP), National Housing Trust Fund (NHTF), and Infill Infrastructure Grant (IIG) programs of HCD.

Project Number CA-24-414

Project Name 20th Street Apartments
Site Address: 1634 20th Street
Santa Monica, CA 90404

County: Los Angeles
Census Tract: 7018.02

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,879,946	\$11,973,801
Recommended:	\$2,879,946	\$11,973,801

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

Tax-Exempt Bond Allocation
Recommended: \$36,027,000

CTCAC Applicant Information

CTCAC Applicant / CDLAC Sponsor: Venice Community Housing Corporation
Contact: Rebecca Dennison
Address: 200 Lincoln Boulevard
Venice, CA 90291

Phone: 310-573-8399
Email: bdennison@vchcorp.org

Bond Financing Information

CDLAC Applicant/Bond Issuer: California Municipal Finance Authority
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Citi Community Capital

Development Team

General Partner(s) or Principal Owner(s): 1634 20th Street MGP LLC
 General Partner Type: Nonprofit
 Parent Company(ies): Venice Community Housing Corporation & Community Corporation of Santa Monica
 Developer: Venice Community Housing Corporation
 Investor/Consultant: California Housing Partnership
 Management Agent: Venice Community Housing Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 78
 No. / % of Low Income Units: 76 100.00%
 Average Targeted Affordability: 31.67%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Special Needs
 Geographic Area: Balance of Los Angeles County
 State Ceiling Pool: New Construction
 Set Aside: Homeless Set Aside
 Homeless Set Aside Units: 38
 CDLAC Project Analyst: Jake Salle
 CTCAC Project Analyst: Jacob Couch

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	53	70%
60% AMI:	23	30%

Unit Mix

38 1-Bedroom Units
 21 2-Bedroom Units
 19 3-Bedroom Units
 78 Total Units

Unit Type & Number	2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
34 1 Bedroom	30%	\$355
4 2 Bedrooms	30%	\$468
2 1 Bedroom	30%	\$709
4 2 Bedrooms	30%	\$851
9 3 Bedrooms	30%	\$983
2 1 Bedroom	60%	\$1,419
11 2 Bedrooms	60%	\$1,702
10 3 Bedrooms	60%	\$1,967
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$9,427,168
Construction Costs	\$39,071,274
Construction Hard Cost Contingency	\$2,977,881
Soft Cost Contingency	\$800,000
Relocation	\$731,926
Architectural/Engineering	\$1,482,207
Const. Interest, Perm. Financing	\$8,735,532
Legal Fees	\$230,000
Reserves	\$17,594,901
Other Costs	\$3,744,966
Developer Fee	\$2,800,000
Total	\$87,595,855

Residential

Construction Cost Per Square Foot:	\$536
Per Unit Cost:	\$1,123,024
Estimated Hard Per Unit Cost:	\$441,496
True Cash Per Unit Cost*:	\$1,110,914
Bond Allocation Per Unit:	\$461,885
Bond Allocation Per Restricted Rental Unit:	\$474,039

Construction Financing

Source	Amount
CitiBank: Tax-Exempt	\$36,027,000
HCD: NHTF	\$6,287,642
HCD: HHC	\$15,300,000
HCD: IIG	\$4,291,749
Accrued Deferred Interest	\$362,278
Impact Fee Waiver	\$944,570
Deferred Costs	\$19,101,990
Tax Credit Equity	\$5,280,626

Permanent Financing

Source	Amount
HCD: NHTF	\$14,752,796
HCD: HHC	\$15,300,000
HCD: IIG	\$4,291,749
HCD: MHP	\$10,495,619
HCD: HHC COSR ¹	\$5,100,000
Impact Fee Waiver	\$944,570
Accrued Deferred Interest	\$362,278
Tax Credit Equity	\$36,348,843
TOTAL	\$87,595,855

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

¹Housing for a Healthy California Capitalized Operating Subsidy Reserve

Determination of Credit Amount(s)

Requested Eligible Basis:	\$55,383,568
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$71,998,638
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,879,946
Total State Credit:	\$11,973,801
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,800,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.91289
State Tax Credit Factor:	\$0.84000

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 \$1,110,914. Applicant noted that the per unit cost is attributed to increased construction cost due to construction design elements required by the locality, as well as material and holding costs.

CDLAC Analyst Comments

None

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, 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).

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	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	10
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	120

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: 80.723%