

**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, 6018 Brynhurst, located at 6018 Brynhurst Avenue in Los Angeles on a 0.26 acre site, requested and is being recommended for a reservation of \$596,833 in annual federal tax credits and \$7,170,000 of tax-exempt bond cap to finance the new construction of 50 units of housing, consisting of 49 restricted rental units and 1 unrestricted manager's unit. The project will have 12 one-bedroom units, and 38 two-bedroom units, serving tenants with rents affordable to households earning 30%-80% of area median income (AMI). The building will be a 4-story wood frame (Type V) structure with slab on grade foundation and stucco interior. Common amenities include a shared laundry room, bike storage, and a landscaped perimeter. An area within the manager's unit will be designed for use by the project's supportive service provider to enable private meetings with residents and delivery of the committed classes and services. Each unit will have a refrigerator, range/oven, dishwasher, and garbage disposal. The construction is expected to begin in November 2024 and be completed in February 2026. The project will be developed by HVN Development, LLC and will be located in Senate District 28 and Assembly District 61.

Project Number CA-24-428

Project Name 6018 Brynhurst
Site Address: 6018 Brynhurst Avenue
Los Angeles, CA 90043
County: Los Angeles
Census Tract: 2347.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$596,833	\$0
Recommended:	\$596,833	\$0

Tax-Exempt Bond Allocation
Recommended: \$7,170,000

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: HVN Development, LLC
Contact: Tommy Beadel
Address: 7700 Irvine Center Drive, Suite 780
Irvine, CA 92618
Phone: 949-979-0833
Email: tommy@hvndevelopment.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Housing Finance Agency
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A.

Development Team

General Partner(s) or Principal Owner(s): HVN 6018 Brynhurst LLC
 Affordable Housing Alliance II, Inc.
 General Partner Type: Joint Venture
 Parent Company(ies): HVN Holdings GP, LLC
 Affordable Housing Alliance II, Inc.
 Developer: HVN Development, LLC
 Investor/Consultant: R4 Capital
 Management Agent: Aperto Property Management, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 50
 No. / % of Low Income Units: 49 100.00%
 Average Targeted Affordability: 55.50%
 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: New Construction
 CDLAC Project Analyst: Anthony Wey
 CTCAC Project Analyst: Franklin Cui

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	5	10%
50% AMI:	5	10%
60% AMI:	29	59%
80% AMI*:	10	20%

*CTCAC restricted only

Unit Mix

12 1-Bedroom Units
38 2-Bedroom Units
 50 Total Units

Unit Type & Number	2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
1 1 Bedroom	30%	\$709
4 2 Bedrooms	30%	\$851
1 1 Bedroom	50%	\$1,182
4 2 Bedrooms	50%	\$1,418
10 1 Bedroom	60%	\$1,369
19 2 Bedrooms	60%	\$1,702
10 2 Bedrooms	80%	\$1,702
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,566,250
Construction Costs	\$7,295,805
Construction Hard Cost Contingency	\$366,790
Soft Cost Contingency	\$218,726
Architectural/Engineering	\$612,099
Const. Interest, Perm. Financing	\$1,885,332
Legal Fees	\$305,878
Reserves	\$198,571
Other Costs	\$461,418
Developer Fee	\$1,497,073
Total	\$14,407,942

Residential

Construction Cost Per Square Foot:	\$229
Per Unit Cost:	\$288,159
Estimated Hard Per Unit Cost:	\$131,023
True Cash Per Unit Cost*:	\$288,159
Bond Allocation Per Unit:	\$143,400
Bond Allocation Per Restricted Rental Unit:	\$146,327

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank: Tax-Exempt	\$7,170,000	Citibank: Tax-Exempt	\$7,000,000
Citibank: Recycled Tax-Exempt	\$2,830,000	General Partner Loan	\$2,156,336
Deferred Costs	\$198,571	Tax Credit Equity	\$5,251,606
General Partner Loan	\$2,187,138	TOTAL	\$14,407,942
Deferred Developer Fee	\$1,497,073		
Tax Credit Equity	\$525,160		

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$11,477,559
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$14,920,827
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$596,833
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,497,073
Investor/Consultant:	R4 Capital
Federal Tax Credit Factor:	\$0.87991

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's annual per unit operating expense total is below the CTCAC published per unit operating minimums of \$6,300. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of \$5,846 on agreement of the permanent lender and equity investor.

CDLAC Analyst Comments

None

Resyndication and Resyndication Transfer Event: 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	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: 153.345%