

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

Rosa's Place, located at 501 East 5th Street in Los Angeles on a 0.68 acre site, requested and is being recommended for a reservation of \$3,545,168 in annual federal tax credits and \$40,500,000 of tax-exempt bond cap to finance the new construction of 98 units of housing, consisting of 97 restricted rental units, and 1 unrestricted manager's unit. The project will have 97 studio units, and 1 two-bedroom unit, serving special needs tenants with rents affordable to households earning 30%-50% of area median income (AMI). The building will be seven story Type III construction. Common amenities include large community room, laundry facilities, learning center, and on-site case manager and service managers. Each unit will have refrigerator, and range/oven. The construction is expected to begin in February 2025 and be completed in August 2027. The project will be developed by Daylight Community Development and will be located in Senate District 28 and Assembly District 57.

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) and Affordable Housing and Sustainable Communities (AHSC) programs of HCD.

Project Number CA-24-482

Project Name Rosa's Place
Site Address: 501 East 5th Street
Los Angeles, CA 90013
County: Los Angeles
Census Tract: 2062.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,545,168	\$0
Recommended:	\$3,545,168	\$0

Tax-Exempt Bond Allocation
Recommended: \$40,500,000

CTCAC Applicant Information
CTCAC Applicant / CDLAC Sponsor: DWC Campus, LP
Contact: Sonya Falcone
Address: 250 North Harbor Drive, Suite 350
Redondo Beach, CA 90277
Phone: (303) 775-0147
Email: sonya@daylight.la

Bond Financing Information
CDLAC Applicant/Bond Issuer: City of Los Angeles
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Citibank, N.A.

Development Team

General Partner(s) or Principal Owner(s): DWC SP2, LLC
 GTM DWC AGP, LLC
 Daylight San Pedro, LLC

General Partner Type: Joint Venture

Parent Company(ies): Downtown Women's Center
 GTM Holdings, LLC
 Daylight Community Development

Developer: Daylight Community Development

Investor/Consultant: R4 Capital

Management Agent: Barker Management, Inc.

Project Information

Construction Type: New Construction

Total # Residential Buildings: 1

Total # of Units: 98

No. / % of Low Income Units: 97 100.00%

Average Targeted Affordability: 33.59%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: Tax-Exempt / HOME / HUD Section 8 Project-based Vouchers (97 Units - 100%)

Information

Housing Type: Special Needs

Geographic Area: City of Los Angeles

Set Aside: Extremely Low/Very Low Income Set Aside

Homeless Set Aside Units: 97

CDLAC Project Analyst: Jake Salle

CTCAC Project Analyst: Dylan Hervey

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	73	75%
50% AMI:	24	25%

Unit Mix

97 SRO/Studio Units
1 2-Bedroom Units
98 Total Units

Unit Type & Number	2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
20 SRO/Studio	30%	\$516
53 SRO/Studio	30%	\$662
24 SRO/Studio	50%	\$1,103
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$7,040,000
Construction Costs	\$48,085,466
Construction Hard Cost Contingency	\$4,636,111
Soft Cost Contingency	\$960,874
Architectural/Engineering	\$2,208,925
Const. Interest, Perm. Financing	\$12,161,925
Legal Fees	\$430,648
Reserves	\$1,364,914
Other Costs	\$3,120,648
Developer Fee	\$3,500,000
Total	\$83,509,511

Residential

Construction Cost Per Square Foot:	\$678
Per Unit Cost:	\$852,138
Estimated Hard Per Unit Cost:	\$434,333
True Cash Per Unit Cost*:	\$844,995
Bond Allocation Per Unit:	\$413,265
Bond Allocation Per Restricted Rental Unit:	\$417,526

Construction Financing

Source	Amount
Citibank: Tax-Exempt	\$40,500,000
Citibank: Taxable	\$17,066,552
HOME	\$7,785,104
HCD: IIG	\$4,080,000
City of Los Angeles	\$6,565,000
Apple	\$810,000
Deferred Costs	\$1,624,914
Deferred Developer Fee	\$2,100,000
Tax Credit Equity	\$2,977,941

Permanent Financing

Source	Amount
HOME	\$7,785,104
HCD: IIG	\$4,080,000
HCD: AHSC	\$26,500,000
City of Los Angeles	\$6,565,000
Apple	\$8,100,000
Deferred Developer Fee	\$700,000
Tax Credit Equity	\$29,779,407
TOTAL	\$83,509,511

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$70,913,094
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$92,187,022
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,545,168
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	R4 Capital
Federal 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 \$844,995. The applicant noted that the per unit cost is attributed to an increase in land costs, high borrowing costs, JJJ project labor requirements, and the costs associated with replacing the existing parking with a parking structure.

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: 97.386%