

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

Residency at Sky Village Hollywood - Phase II, located at 5645 Fernwood Avenue in Los Angeles on a 0.37 acre site, requested and is being recommended for a reservation of \$6,781,717 in annual federal tax credits and \$2,595,782 in total state tax credits and \$71,000,000 of tax-exempt bond cap to finance the new construction of 245 units of housing, consisting of 242 restricted rental units and 3 unrestricted manager's units. The project will have 103 studio units, and 142 one-bedroom units, serving special needs tenants with rents affordable to households earning 30%-80% of area median income (AMI). The building will be 17 stories and Type I construction. Common amenities include a community room, decking, a garden, picnic area, and laundry rooms on all residential floors. Each unit will have a refrigerator and a range/oven. The construction is expected to begin in February 2025 and be completed in June 2027. The project will be developed by ABS Properties Inc. and will be located in Senate District 11 and Assembly District 17.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

Project Number CA-24-516

Project Name Residency at Sky Village Hollywood - Phase II
Site Address: 5645 Fernwood Avenue
Los Angeles, CA 90028
County: Los Angeles
Census Tract: 1909.01

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$6,781,717	\$2,595,782
Recommended:	\$6,781,717	\$2,595,782

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

Tax-Exempt Bond Allocation
Recommended: \$71,000,000

CTCAC Applicant Information
Applicant: Residency at Sky Village II, LP
Contact: Samir Srivastava
Address: 5500 Hollywood Blvd
Los Angeles, CA 90028
Phone: 323 464 7853
Email: samir@absllc.org

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Housing Finance Agency
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Greystone Housing Impact Investors, L.P.

Development Team

General Partner(s) or Principal Owner(s): ABS Properties Inc.
 Kingdom Development Inc.
 General Partner Type: Joint Venture
 Parent Company(ies): ABS Properties Inc.
 Kingdom Development Inc.
 Developer: ABS Properties Inc.
 Investor/Consultant: Boston Financial Investment Mgmt
 Management Agent: Hyder Property Management Professionals

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 245
 No. / % of Low Income Units: 242 100.00%
 Average Targeted Affordability: 50.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt / HUD Project-based Contract (147 Units - 61%)

Information

Housing Type: Special Needs
 Geographic Area: City of Los Angeles
 State Ceiling Pool: New Construction
 Set Aside: Homeless Set Aside
 Homeless Set Aside Units: 121
 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:	121	50%
50% AMI:	26	11%
70% AMI*:	43	18%
80% AMI*:	52	21%

*CTCAC restricted only

Unit Mix

103 SRO/Studio Units
 142 1-Bedroom Units

 245 Total Units

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
51 SRO/Studio	30%	\$662
13 SRO/Studio	50%	\$1,103
17 SRO/Studio	70%	\$1,544
20 SRO/Studio	80%	\$1,765
70 1 Bedroom	30%	\$709
13 1 Bedroom	50%	\$1,182
26 1 Bedroom	70%	\$1,655
32 1 Bedroom	80%	\$1,891
2 SRO/Studio	Manager's Unit	\$2,750
1 1 Bedroom	Manager's Unit	\$3,072

Project Cost Summary at Application

Land and Acquisition	\$11,600,000
Construction Costs	\$74,669,320
Construction Hard Cost Contingency	\$3,733,466
Soft Cost Contingency	\$1,250,000
Architectural/Engineering	\$3,086,934
Const. Interest, Perm. Financing	\$18,802,500
Legal Fees	\$290,000
Reserves	\$3,401,811
Other Costs	\$6,810,648
Developer Fee	\$21,736,273
Total	\$145,380,952

Residential

Construction Cost Per Square Foot:	\$389
Per Unit Cost:	\$593,392
Estimated Hard Per Unit Cost:	\$264,224
True Cash Per Unit Cost*:	\$521,611
Bond Allocation Per Unit:	\$289,796
Bond Allocation Per Restricted Rental Unit:	\$482,993

Construction Financing

<u>Source</u>	<u>Amount</u>
Greystone: Tax-Exempt	\$71,000,000
Greystone: Recycled Tax-Exempt	\$22,000,000
Greystone: Taxable	\$15,218,581
General Partner Equity	\$3,250,000
Deferred Developer Fee	\$15,836,273
Tax Credit Equity	\$18,076,098

Permanent Financing

<u>Source</u>	<u>Amount</u>
Greystone: Tax-Exempt	\$59,579,790
Seller Carryback	\$1,750,000
General Partner Equity	\$3,250,000
Deferred Developer Fee	\$15,836,273
Tax Credit Equity	\$64,964,889
TOTAL	\$145,380,952

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$130,417,641
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$169,542,933
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$6,781,717
Total State Credit:	\$2,595,782
Approved Developer Fee (in Project Cost & Eligible Basis):	\$21,736,273
Investor/Consultant:	Boston Financial Investment Mgmt
Federal Tax Credit Factor:	\$0.93000
State Tax Credit Factor:	\$0.73000

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 \$6,110. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of \$5,200 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: 125.045%