

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
December 11, 2024**

Veteran Commons, located at 11269 Garfield Avenue in Downey on a 2.24 acre site, requested and is being recommended for a reservation of \$3,181,709 in annual federal tax credits and \$34,045,000 of tax-exempt bond cap to finance the new construction of 100 units of housing, consisting of 99 restricted rental units and 1 unrestricted manager's unit. The project will have 50 one-bedroom units, 40 two-bedroom units, and 10 three-bedroom units, serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The construction is expected to begin in May 2025 and be completed in March 2027. The project will be developed by Abode Communities and will be located in Senate District 30 and Assembly District 64.

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 Veterans Housing and Homelessness Prevention (VHHP) programs of HCD.

Project Number CA-24-732

Project Name Veteran Commons
Site Address: 11269 Garfield Avenue
Downey, CA 90242
County: Los Angeles
Census Tract: 9800.12

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,181,709	\$0
Recommended:	\$3,181,709	\$0

Tax-Exempt Bond Allocation
Recommended: \$34,045,000

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Veteran Commons, L.P.
Contact: Lara Regus
Address: 1149 South Hill Street, Suite 700
Los Angeles, CA 90015
Phone: 213-225-2812
Email: lregus@abodecommunities.org

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

Development Team

General Partner(s) or Principal Owner(s): Veteran Commons MGP, LLC
 Veteran Commons CGP, LLC

General Partner Type: Nonprofit

Parent Company(ies): Abode Communities
 PATH Ventures

Developer: Abode Communities

Investor/Consultant: California Housing Partnership

Management Agent: Abode Communities

Project Information

Construction Type: New Construction

Total # Residential Buildings: 3

Total # of Units: 100

No. / % of Low Income Units: 99 100.00%

Average Targeted Affordability: 46.58%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: Tax-Exempt / HUD Project-based Vouchers (50 Units - 50%)

Information

Housing Type: Non-Targeted

Geographic Area: Balance of Los Angeles County

State Ceiling Pool: New Construction

Set Aside: Homeless Set Aside

Homeless Set Aside Units: 50

CDLAC Project Analyst: Daisy Andrade

CTCAC Project Analyst: Jacob Couch

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	20	20%
40% AMI:	10	10%
50% AMI:	45	45%
60% AMI:	24	24%

Unit Mix

50 1-Bedroom Units

40 2-Bedroom Units

10 3-Bedroom Units

100 Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
15 1 Bedroom	30%	\$780
35 1 Bedroom	50%	\$1,300
4 2 Bedrooms	30%	\$936
8 2 Bedrooms	40%	\$1,248
8 2 Bedrooms	50%	\$1,326
19 2 Bedrooms	60%	\$1,872
1 3 Bedrooms	30%	\$1,081
2 3 Bedrooms	40%	\$1,442
2 3 Bedrooms	50%	\$1,473
5 3 Bedrooms	60%	\$2,163
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$912,658
Construction Costs	\$43,624,806
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$4,392,711
Soft Cost Contingency	\$666,609
Relocation	\$0
Architectural/Engineering	\$2,619,609
Const. Interest, Perm. Financing	\$7,691,054
Legal Fees	\$235,000
Reserves	\$1,092,657
Other Costs	\$2,193,388
Developer Fee	\$3,800,000
Commercial Costs	\$0
Total	\$67,228,492

Residential

Construction Cost Per Square Foot:	\$448
Per Unit Cost:	\$672,285
Estimated Hard Per Unit Cost:	\$379,476
True Cash Per Unit Cost*:	\$659,285
Bond Allocation Per Unit:	\$340,450
Bond Allocation Per Restricted Rental Unit:	\$343,889

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citi: Tax-Exempt	\$34,045,000	Citi: Tax-Exempt	\$3,551,000
Citi: Taxable	\$3,738,725	HCD: IIG	\$3,200,000
HCD: IIG	\$2,880,000	HCD: VHP	\$10,189,227
LACDA: AHTF ¹	\$16,500,000	LACDA: AHTF ¹	\$16,600,000
LACDA: Accrued Interest	\$798,210	LACDA: Accrued Interest	\$798,210
LISC: NEF ²	\$80,000	LISC: NEF ²	\$80,000
Deferred Costs	\$2,197,657	GCAHT ³	\$2,339,889
Deferred Developer Fee	\$1,300,000	Deferred Developer Fee	\$1,300,000
Tax Credit Equity	\$5,688,900	Tax Credit Equity	\$29,170,166
		TOTAL	\$67,228,492

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

¹Los Angeles County Development Authority: Affordable Housing Trust Fund

²Local Initiatives Support Corporation: National Equity Fund Grant

³Gateway Cities Affordable Housing Trust

Determination of Credit Amount(s)

Requested Eligible Basis:	\$61,186,707
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$79,542,719
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,181,709
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,800,000
Federal Tax Credit Factor:	\$0.91681

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 \$659,285 per unit. The applicant noted that the per unit cost is attributed to construction costs, higher interest rates, and high insurance premiums.

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: 134.473%