

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

Locke Lofts, located at 345 North Madison Avenue in Los Angeles on a 0.8 acre site, requested and is being recommended for a reservation of \$4,123,078 in annual federal tax credits and \$50,000,000 of tax-exempt bond cap to finance the new construction of 148 units of housing, consisting of 146 restricted rental units and 2 unrestricted manager's units. The project will have 119 studio units, 18 one-bedroom units, and 11 two-bedroom units, serving tenants with rents affordable to households earning 20%-40% of area median income (AMI). The construction is expected to begin in June 2025 and be completed in June 2027. The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 24 and Assembly District 53.

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

Project Number CA-24-759

Project Name Locke Lofts
Site Address: 345 North Madison Avenue
Los Angeles, CA 90004
County: Los Angeles
Census Tract: 1927.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$4,123,078	\$0
Recommended:	\$4,123,078	\$0

Tax-Exempt Bond Allocation
Recommended: \$50,000,000

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Locke Lofts Associates, a California Limited Partnership
Contact: Caleb Roope
Address: 430 East State Street, Suite 100
Eagle, ID 83616
Phone: (208) 461-0022
Email: calebr@tpchousing.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: Los Angeles Housing Department
Bond Counsel: Kutak Rock, LLP
Private Placement Purchaser: California Bank & Trust, a division of Zions Bancorporation, N.A.

Development Team

General Partner(s) or Principal Owner(s): TPC Holdings IX, LLC
 Flexible PSH Solutions, Inc.
 General Partner Type: Joint Venture
 Parent Company(ies): Pacific West Communities, Inc.
 Flexible PSH Solutions, Inc.
 Developer: Pacific West Communities, Inc.
 Investor/Consultant: Boston Financial Investment Management
 Management Agent: The John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 148
 No. / % of Low Income Units: 146 100.00%
 Average Targeted Affordability: 29.18%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers
 (100 Units - 68%)

Information

Housing Type: Non-Targeted
 Geographic Area: City of Los Angeles
 State Ceiling Pool: New Construction
 Set Aside: Homeless Set Aside
 Homeless Set Aside Units: 100
 CDLAC Project Analyst: Anthony Wey
 CTCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
20% AMI:	58	40%
30% AMI:	42	29%
40% AMI:	46	32%

Unit Mix

119 SRO/Studio Units
18 1-Bedroom Units
11 2-Bedroom Units
148 Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
50 SRO/Studio	20%	\$485
35 SRO/Studio	30%	\$728
34 SRO/Studio	40%	\$971
5 1 Bedroom	20%	\$520
5 1 Bedroom	30%	\$780
8 1 Bedroom	40%	\$1,040
3 2 Bedrooms	20%	\$624
2 2 Bedrooms	30%	\$936
4 2 Bedrooms	40%	\$1,248
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$13,055,000
Construction Costs	\$52,026,986
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$5,140,000
Soft Cost Contingency	\$800,000
Relocation	\$76,550
Architectural/Engineering	\$1,535,000
Const. Interest, Perm. Financing	\$6,966,500
Legal Fees	\$230,000
Reserves	\$1,917,715
Other Costs	\$2,677,787
Developer Fee	\$10,342,167
Commercial Costs	\$0
Total	\$94,767,705

Residential

Construction Cost Per Square Foot:	\$755
Per Unit Cost:	\$640,322
Estimated Hard Per Unit Cost:	\$299,969
True Cash Per Unit Cost*:	\$594,091
Bond Allocation Per Unit:	\$337,838
Bond Allocation Per Restricted Rental Unit:	\$342,466

Construction Financing

Source	Amount
CBT: Tax-Exempt	\$50,000,000
CBT: Taxable	\$23,614,784
Bonneville: Tax-Exempt	\$5,000,000
Deferred Costs	\$2,347,715
Deferred Developer Fee	\$9,342,167
General Partner Equity	\$1,000,000
Tax Credit Equity	\$3,463,039

Permanent Financing

Source	Amount
California Bank & Trust (CBT)	\$14,300,000
Bonneville	\$5,000,000
HCD: AHSC	\$20,000,000
LAHD: AHMP ¹	\$12,995,146
Deferred Developer Fee	\$6,842,167
General Partner Equity	\$1,000,000
Tax Credit Equity	\$34,630,392
TOTAL	\$94,767,705

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

¹Los Angeles Housing Department: Affordable Housing Managed Pipeline

Determination of Credit Amount(s)

Requested Eligible Basis:	\$79,289,953
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$103,076,939
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,123,078
Approved Developer Fee (in Project Cost & Eligible Basis):	\$10,342,167
Federal Tax Credit Factor:	\$0.83992

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

The project will restrict 100 (68%) of the units to serve special needs tenants, consisting of Homeless tenants.

The current legal description is part of a larger site and the project site’s parcel legal description and APN have not yet been finalized. The legal description and APN for CA-24-759 must be completed as part of the placed in service package.

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: 122.062%