

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

Casa de la Luz, located at 744-754 South Kern Avenue in Unincorporated East Los Angeles on a 0.74 acre site, requested and is being recommended for a reservation of \$3,124,556 in annual federal tax credits and \$36,749,241 of tax-exempt bond cap to finance the new construction of 95 units of housing, consisting of 93 restricted rental units and 2 unrestricted manager's units. The project will have 20 studio units, 45 one-bedroom units, and 30 two-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 May 2027. The project will be developed by Hollywood Community Housing Corporation and will be located in Senate District 26 and Assembly District 52.

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 No Place Like Home (NPLH) and Affordable Housing and Sustainable Communities (AHSC) programs of HCD.

Project Number CA-24-774

Project Name Casa de la Luz
Site Address: 744-754 South Kern Avenue
Unincorporated East Los Angeles, CA 90022
County: Los Angeles
Census Tract: 5316.04

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,124,556	\$0
Recommended:	\$3,124,556	\$0

Tax-Exempt Bond Allocation
Recommended: \$36,749,241

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Casa de la Luz, L.P.
Contact: Sarah Letts
Address: 5020 Santa Monica Boulevard
Los Angeles, CA 90029
Phone: 323-454-6201
Email: sletts@hollywoodhousing.org

Bond Financing Information
CDLAC Applicant/Bond Issuer: Los Angeles County Development Authority
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Citi Community Capital

Development Team
General Partner(s) or Principal Owner(s): HCHC Casa de la Luz GP, LLC
General Partner Type: Nonprofit
Parent Company(ies): Hollywood Community Housing Corporation
Developer: Hollywood Community Housing Corporation
Investor/Consultant: California Housing Partnership Corporation
Management Agent: Barker Management, Inc

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	95
No. / % of Low Income Units:	93 100.00%
Average Targeted Affordability:	46.78%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (40 Units - 43%)

Information

Housing Type:	Non-Targeted
Geographic Area:	Balance of Los Angeles County
State Ceiling Pool:	New Construction
Set Aside:	N/A
Homeless Set Aside Units:	40
CDLAC Project Analyst:	Daisy Andrade
CTCAC Project Analyst:	Sopida Steinwert

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	40	43%
50% AMI:	3	3%
60% AMI:	50	54%

Unit Mix

20 SRO/Studio Units
45 1-Bedroom Units
<u>30 2-Bedroom Units</u>
95 Total Units

<u>Unit Type & Number</u>	<u>2024 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
20 SRO/Studio	30%	\$728
20 1 Bedroom	30%	\$780
25 1 Bedroom	60%	\$1,560
3 2 Bedrooms	50%	\$1,560
25 2 Bedrooms	60%	\$1,872
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,842,830
Construction Costs	\$44,823,951
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,254,339
Soft Cost Contingency	\$312,959
Relocation	\$1,000,000
Architectural/Engineering	\$2,050,000
Const. Interest, Perm. Financing	\$9,805,123
Legal Fees	\$220,000
Reserves	\$562,319
Other Costs	\$2,108,818
Developer Fee	\$3,500,000
Commercial Costs	\$0
Total	\$72,480,339

Residential

Construction Cost Per Square Foot:	\$545
Per Unit Cost:	\$762,951
Estimated Hard Per Unit Cost:	\$393,100
True Cash Per Unit Cost*:	\$752,425
Bond Allocation Per Unit:	\$386,834
Bond Allocation Per Restricted Rental Unit:	\$395,153

Construction Financing

Source	Amount
Citibank: Tax-Exempt	\$36,749,241
Citibank: Taxable	\$22,500,180
LACDA ¹ : NPLH	\$6,900,000
Deferred Costs	\$2,231,270
Deferred Developer Fee	\$1,000,000
General Partner Equity	\$100
Tax Credit Equity	\$3,099,548

Permanent Financing

Source	Amount
Citibank: Tax-Exempt	\$7,883,000
HCD: AHSC	\$27,063,951
LACDA ¹ : NPLH	\$7,000,000
Deferred Developer Fee	\$1,000,000
General Partner Equity	\$100
Tax Credit Equity	\$29,533,288
TOTAL	\$72,480,339

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

¹Los Angeles County Development Authority

Determination of Credit Amount(s)

Requested Eligible Basis:	\$60,087,607
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$78,113,889
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,124,556
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Federal Tax Credit Factor:	\$0.94520

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 \$762,951. The applicant noted that the per unit cost is attributed to the use of more expensive materials to maximize density, the construction of a five-story building with subterranean parking, extensive environmental remediation, tenant relocation, increased utility requirements, and rising insurance costs.

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: 93.655%