

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
August 5, 2025**

Sky Castle, located at 350 South Figueroa (333 South Flower) in Los Angeles on a 3.68 acre site, requested and is being recommended for a reservation of \$3,828,920 in annual federal tax credits and \$42,417,175 of tax-exempt bond cap to finance the new construction & adaptive reuse of 241 units of housing, consisting of 239 restricted rental units and 2 unrestricted manager's units. The project will have 179 one-bedroom units, 57 two-bedroom units, and 5 three-bedroom units, serving tenants with rents affordable to households earning 30%-80% of area median income (AMI). The rehabilitation is expected to begin in February 2026 and be completed in August 2027. The project will be developed by Arden Development, Inc. and will be located in Senate District 26 and Assembly District 54.

The project financing includes state funding from the Mixed-Income Program (MIP) through CalHFA.

Project Number CA-25-587

Project Name Sky Castle
Site Address: 350 South Figueroa (333 South Flower)
Los Angeles, CA 90071
County: Los Angeles
Census Tract: 2075.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,828,920	\$0
Recommended:	\$3,828,920	\$0

Tax-Exempt Bond Allocation
Recommended: \$42,417,175

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Sky Castle I, LP
Contact: Garrett Lee
Address: 34070 Wilshire Boulevard, Suite 700
Los Angeles, CA 90010
Phone: (213) 365-5000
Email: garrettlee@jamisonservices.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Housing Finance Agency
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A.

Development Team

General Partners / Principal Owners:	Kingdom Sky Castle LLC Sky Castle Partners I, LLC
General Partner Type:	Joint Venture
Parent Companies:	Kingdom Development, Inc. Gramercy Park Partners, Inc.
Developer:	Arden Development, Inc.
Investor/Consultant:	RBC Community Investments
Management Agent:	Aperto Property Management, Inc.

Project Information

Construction Type:	New Construction & Adaptive Reuse	
Total # Residential Buildings:	1	
Total # of Units:	241	
No. / % of Low Income Units:	239	100.00%
Average Targeted Affordability:	59.87%	
Federal Set-Aside Elected:	40%/60% Average Income	
Federal Subsidy:	Tax-Exempt	

Information

Housing Type:	Non-Targeted
Geographic Area:	City of Los Angeles
State Ceiling Pool:	New Construction
Set Aside:	Mixed Income Set Aside
CDLAC Project Analyst:	Jake Salle
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:	47	20%
50% AMI:	27	11%
60% AMI:	23	10%
70% AMI*:	119	50%
80% AMI*:	23	10%

*CTCAC restricted only

Unit Mix

179	1-Bedroom Units
57	2-Bedroom Units
5	3-Bedroom Units
<u>241</u>	<u>Total Units</u>

Unit Type & Number	2025 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
40 1 Bedroom	30%	\$780
16 1 Bedroom	50%	\$1,300
14 1 Bedroom	60%	\$1,560
101 1 Bedroom	70%	\$1,820
8 1 Bedroom	80%	\$2,080
6 2 Bedrooms	30%	\$936
10 2 Bedrooms	50%	\$1,560
8 2 Bedrooms	60%	\$1,872
17 2 Bedrooms	70%	\$2,184
14 2 Bedrooms	80%	\$2,496
1 3 Bedrooms	30%	\$1,081
1 3 Bedrooms	50%	\$1,803
1 3 Bedrooms	60%	\$2,163
1 3 Bedrooms	70%	\$2,524
1 3 Bedrooms	80%	\$2,885
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$26,952,500
Construction Costs	\$38,792,337
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,492,450
Soft Cost Contingency	\$1,000,000
Relocation	\$0
Architectural/Engineering	\$565,000
Const. Interest, Perm. Financing	\$8,422,301
Legal Fees	\$2,159,838
Reserves	\$2,109,361
Other Costs	\$1,170,521
Developer Fee	\$4,888,753
Commercial Costs	\$0
Total	\$88,553,061

Residential

Construction Cost Per Square Foot:	\$262
Per Unit Cost:	\$367,440
Estimated Hard Per Unit Cost:	\$140,682
True Cash Per Unit Cost*:	\$349,446
Bond Allocation Per Unit:	\$176,005
Bond Allocation Per Restricted Rental Unit:	\$437,290

Construction Financing

Source	Amount
Citibank: Tax-Exempt	\$42,417,175
Citibank: Recycled Tax-Exempt	\$3,527,011
Citibank: Taxable	\$22,182,600
Seller Note	\$4,999,000
Deferred Cost	\$10,431,034
Tax Credit Equity	\$4,996,241

Permanent Financing

Source	Amount
CalHFA	\$35,409,114
CalHFA: MIP	\$4,000,000
Seller Note	\$4,999,000
Deferred Developer Fee	\$4,336,674
Conventional Equity	\$6,500,000
Tax Credit Equity	\$33,308,273
TOTAL	\$88,553,061

*Less Donated Land, Seller Carryback Loans, Waived Fees, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$54,194,619
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$25,270,000
Applicable Fraction:	100.00%
Qualified Basis:	\$70,453,005
Qualified Basis (Acquisition):	\$25,270,000
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$2,818,120
Maximum Annual Federal Credit, Acquisition:	\$1,010,800
Total Maximum Annual Federal Credit:	\$3,828,920
Approved Developer Fee (in Project Cost & Eligible Basis):	\$4,888,753
Federal Tax Credit Factor:	\$0.86991

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: None.

CDLAC Analyst Comments: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

The applicant 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: 168.714%