

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

Francis Avenue Apartments, located at 2859 Francis Avenue in Los Angeles on a 0.62 acre site, requested and is being recommended for a reservation of \$3,622,637 in annual federal tax credits and \$41,000,000 of tax-exempt bond cap to finance the new construction of 232 units of housing, consisting of 230 restricted rental units and 2 unrestricted manager's units. The project will have 101 studio units, 36 one-bedroom units, and 95 two-bedroom units, serving tenants with rents affordable to households earning 30%-70% of area median income (AMI). The construction is expected to begin in January 2026 and be completed in November 2027. The project will be developed by MRK Partners, 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-25-624

Project Name Francis Avenue Apartments
Site Address: 2859 Francis Avenue
Los Angeles, CA 90005
County: Los Angeles
Census Tract: 2122.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,622,637	\$0
Recommended:	\$3,622,637	\$0

Tax-Exempt Bond Allocation
Recommended: \$41,000,000

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Francis Venture LP
Contact: Sydne Garchik
Address: 2711 N Sepulveda Boulevard # 526
Manhattan Beach, CA 90266
Phone: 424.999.4581
Email: sgarchik@mrkpartners.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: California Housing Finance Agency
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citi Community Capital
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
Denomination: Not Applicable

Development Team

General Partners / Principal Owners:	Francis AGP LLC Pacific Southwest Community Development Corporation
General Partner Type:	Joint Venture
Parent Companies:	MRK Partners, Inc. Pacific Southwest Community Development Corporation
Developer:	MRK Partners, Inc.
Investor/Consultant:	R4 Capital
Management Agent:	WinnResidential California LP

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	1	
Total # of Units:	232	
No. / % of Low Income Units:	230	100.00%
Average Targeted Affordability:	59.83%	
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
Homeless Set Aside Units:	N/A
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:	24	10%
50% AMI:	46	20%
60% AMI:	46	20%
70% AMI*:	114	50%

*CTCAC restricted only

Unit Mix

101	SRO/Studio Units
36	1-Bedroom Units
95	2-Bedroom Units
232	Total Units

<u>Unit Type & Number</u>	<u>2025 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
10 SRO/Studio	30%	\$795
20 SRO/Studio	50%	\$1,325
20 SRO/Studio	60%	\$1,590
51 SRO/Studio	70%	\$1,855
4 1 Bedroom	30%	\$852
7 1 Bedroom	50%	\$1,420
7 1 Bedroom	60%	\$1,704
18 1 Bedroom	70%	\$1,988
10 2 Bedrooms	30%	\$1,022
19 2 Bedrooms	50%	\$1,703
19 2 Bedrooms	60%	\$2,044
45 2 Bedrooms	70%	\$2,385
2 2 Bedrooms	Manager's Unit	\$2,044

Project Cost Summary at Application

Land and Acquisition	\$7,850,000
Construction Costs	\$45,031,297
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,882,008
Soft Cost Contingency	\$800,000
Relocation	\$0
Architectural/Engineering	\$4,297,894
Const. Interest, Perm. Financing	\$9,497,563
Legal Fees	\$653,210
Reserves	\$1,447,374
Other Costs	\$2,558,887
Developer Fee	\$9,101,604
Commercial Costs	\$0
Total	\$85,119,837

Residential

Construction Cost Per Square Foot:	\$338
Per Unit Cost:	\$366,896
Estimated Hard Per Unit Cost:	\$167,328
True Cash Per Unit Cost*:	\$343,615
Bond Allocation Per Unit:	\$176,724
Bond Allocation Per Restricted Rental Unit:	\$353,448

Construction Financing

<u>Source</u>	<u>Amount</u>
Citibank: Tax-Exempt	\$41,000,000
Citibank: Recycled Tax-Exempt	\$2,813,587
Citibank: Taxable	\$17,691,343
General Partner Loan	\$1,146,550
Deferred Costs	\$6,306,687
Net Operating Income	\$905,769
Deferred Developer Fee	\$5,401,070
Tax Credit Equity	\$9,854,831

Permanent Financing

<u>Source</u>	<u>Amount</u>
CalHFA: Tax-Exempt	\$40,700,343
CalHFA: MIP	\$4,000,000
General Partner Loan	\$1,146,550
Net Operating Income	\$905,769
Deferred Developer Fee	\$5,401,070
Tax Credit Equity	\$32,966,105
TOTAL	\$85,119,837

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$69,778,965
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$90,712,655
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,622,637
Approved Developer Fee (in Project Cost & Eligible Basis):	\$9,101,604
Federal Tax Credit Factor:	\$0.91000

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 \$6,300. As allowed by CTCAC Regulation Section 10327(g)(1), CTCAC approves an annual per unit operating expense total of \$5,366 on agreement of the permanent lender and equity investor.

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: 148.046%