

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
December 14, 2016  
REVISED**

Jordan Downs Phase 1A, located at 9901 S. Alameda Street in Los Angeles, received a reservation of \$1,428,266 in annual federal tax credits on July 20, 2016 to finance the new construction of 99 units of housing serving large families with rents affordable to households earning 50% of area median income (AMI). Subsequently, the applicant requested and is being recommended for an increase to the existing reservation from \$1,428,266 to \$2,022,117 in annual federal credit to finance the new construction of 113 units of housing. The project will be developed by BRIDGE Housing Corporation and will be located in Senate District 35 and Assembly District 64.

The project will be receiving rental assistance in the form of HUD Section 8 project-based vouchers and HUD RAD project-based vouchers. The project financing includes state funding from the AHSC program of HCD.

**Project Number** CA-16-907

**Project Name** Jordan Downs Phase 1A  
Site Address: 9901 S. Alameda Street  
Los Angeles, CA 90002 County: Los Angeles  
Census Tract: 5354.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,022,117	\$0
Recommended:	\$2,022,117 *	\$0

\* This project originally received a reservation of \$1,428,266 in annual federal tax credits on July 20, 2016. TCAC recommends to increase the reservation by \$583,581 to \$2,022,117 in annual federal tax credits.

**Applicant Information**

Applicant: BRIDGE Housing Corporation  
Contact: Anna Slaby  
Address: 20321 Irvine Avenue, Suite F-1  
Newport Beach, CA 92660  
Phone: 949-229-7076 Fax: 949-274-7688  
Email: aslaby@bridgehousing.com

General Partner(s) or Principal Owner(s): JD Housing 1A, LLC  
General Partner Type: Nonprofit  
Parent Company(ies): BRIDGE Housing Corporation  
Developer: BRIDGE Housing Corporation  
Investor/Consultant: California Housing Partnership Corporation  
Management Agent: BRIDGE Property Management Company

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 12  
Total # of Units: 115  
No. & % of Tax Credit Units: 113 99.12%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (50 units - 44%) / HUD RAD Project-based Vouchers (31 Units - 27%)  
HCD MHP Funding: No  
55-Year Use/Affordability: Yes  
Number of Units @ or below 50% of area median income: 99  
Number of Units @ or below 60% of area median income: 14

**Bond Information**

Issuer: City of Los Angeles Housing and Community Investment Department  
Expected Date of Issuance: December 19, 2016  
Credit Enhancement: N/A

**Information**

Housing Type: Large Family  
Geographic Area: City of Los Angeles  
TCAC Project Analyst: Jack Waegell

**Unit Mix**

13 1-Bedroom Units  
60 2-Bedroom Units  
32 3-Bedroom Units  
9 4-Bedroom Units  
1 5-Bedroom Units  

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115 Total Units

<u>Unit Type &amp; Number</u>	<u>2016 Rents Targeted % of Area Median Income</u>	<u>2016 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
6 1 Bedroom	50%	50%	\$814
9 2 Bedrooms	50%	50%	\$977
7 3 Bedrooms	50%	50%	\$1,128
8 4 Bedrooms	50%	50%	\$1,258
1 5 Bedrooms	50%	50%	\$1,389
6 1 Bedroom	50%	50%	\$814
12 2 Bedrooms	50%	50%	\$977
2 3 Bedrooms	50%	50%	\$1,128
1 4 Bedrooms	50%	50%	\$1,258
1 1 Bedroom	50%	50%	\$814
28 2 Bedrooms	50%	50%	\$977
18 3 Bedrooms	50%	50%	\$1,128
9 2 Bedrooms	60%	60%	\$1,172
5 3 Bedrooms	60%	60%	\$1,353
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0
1 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$1,115

**Project Cost Summary at Application**

Land and Acquisition	\$3,480,000
Construction Costs	\$36,444,855
Rehabilitation Costs	\$0
Construction Contingency	\$1,500,659
Relocation	\$100,000
Architectural/Engineering	\$2,248,980
Const. Interest, Perm. Financing	\$2,133,781
Legal Fees, Appraisals	\$580,000
Reserves	\$1,300,172
Other Costs	\$3,286,778
Developer Fee	\$5,153,864
Commercial Costs	\$0
<b>Total</b>	<b>\$56,229,089</b>

**Project Financing**

Estimated Total Project Cost:	\$56,229,089
Estimated Residential Project Cost:	\$56,229,089
Estimated Commercial Cost:	\$0

**Residential**

Construction Cost Per Square Foot:	\$271
Per Unit Cost:	\$488,949
Effective Per Unit Cost*:	\$458,997

**Construction Financing**

Source	Amount
Bank of America	\$28,000,000
Bank of America - Taxable Tail	\$5,815,067
HCD - AHSC (HRI) Grant	\$500,000
HACLA - Ground Lease Loan	\$2,950,000
HACLA - RHF	\$5,000,000
HACLA - B-Permit	\$587,000
HACLA - Century Blvd./B-Permit Loan	\$5,500,000
HACLA - Gap Loan	\$1,752,433
Deferred Costs	\$4,693,589
Tax Credit Equity	\$1,431,000

**Permanent Financing**

Source	Amount
JP Morgan Chase	\$7,270,000
HCD - AHSC (HRI) Grant	\$500,000
HCD - AHSC (Cap & Trade)	\$6,000,000
HACLA - Ground Lease Loan	\$2,950,000
HACLA - RHF	\$5,000,000
HACLA - B Permit	\$587,000
HACLA - Century Blvd./B-Permit I	\$5,500,000
HACLA - Gap Loan	\$1,752,433
Refunds	\$100,000
General Partner Equity	\$2,159,380
Deferred Developer Fee	\$494,488
Tax Credit Equity	\$23,915,788
<b>TOTAL</b>	<b>\$56,229,089</b>

\*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$49,659,502
130% High Cost Adjustment:	Yes
Applicable Fraction:	99.12%
Qualified Basis:	\$63,991,060
Applicable Rate:	3.25%
Total Maximum Annual Federal Credit:	\$2,022,117
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,153,864
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$1.18271

Per Regulation Section 10322(h)(9)(A), The "as if vacant" land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$49,659,502
Actual Eligible Basis:	\$49,659,502
Unadjusted Threshold Basis Limit:	\$33,767,196
Total Adjusted Threshold Basis Limit:	\$62,806,985

**Adjustments to Basis Limit**

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 86%

**Cost Analysis and Line Item Review**

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.25% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC’s financial evaluation at project completion will determine the final allocation.

**Special Issues/Other Significant Information**

The project will have HUD Section 8 project-based vouchers for 50 affordable units and HUD RAD project-based vouchers for 31 units.

Jordan Downs Phase 1A is providing replacement housing for an existing apartment project on an adjacent parcel that is going to be demolished to make way for another new construction project once its existing tenants have been relocated. One of the current tenants in the adjacent apartments that will be moving into Jordan Downs Phase 1A is slightly over-income above the 60% AMI limit. As a result, Jordan Downs Phase 1A’s applicable fraction is 99.12% instead of 100%.

**Local Reviewing Agency**

The Local Reviewing Agency, the City of Los Angeles Housing and Community Investment Department, has completed a site review of this project and strongly supports this project.

**Recommendation**

Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$2,022,117</b>	<b>\$0</b>

**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.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

TCAC 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 TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC 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 TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC 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 TCAC in its final feasibility analysis.

**Additional Conditions:** None.