

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2016 First Round**  
**June 8, 2016**

RHF Crenshaw Gardens, located at 3411, 3417, 3423 and 3427 S. Crenshaw Blvd. in Los Angeles, requested and is being recommended for a reservation of \$1,376,976 in annual federal tax credits to finance the new construction of 48 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Retirement Housing Foundation and will be located in Senate District 30 and Assembly District 54.

**Project Number** CA-16-030

**Project Name** RHF Crenshaw Gardens  
 Site Address: 3411, 3417, 3423 and 3427 S. Crenshaw Blvd.  
 Los Angeles, CA 90016 County: Los Angeles  
 Census Tract: 2200.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,376,976	\$0
Recommended:	\$1,376,976	\$0

**Applicant Information**

Applicant: Crenshaw RHF Partners, LP  
 Contact: Kevin Gilchrist  
 Address: 911 N. Studebaker Road  
 Long Beach, CA 90713  
 Phone: 562-257-5151 Fax: 562-493-7042  
 Email: kevin.gilchrist@rhf.org

General Partner(s) / Principal Owner(s):	Crenshaw RHF Housing, Inc.
General Partner Type:	Nonprofit
Parent Company(ies):	Retirement Housing Foundation
Developer:	Retirement Housing Foundation
Investor/Consultant:	Boston Financial Investment Mgmt.
Management Agent(s):	Foundation Property Management, Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 49  
 No. & % of Tax Credit Units: 48 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: CDBG  
 Affordability Breakdown by Units and % (Lowest Income Points):  
 30% AMI: 5 10 %  
 45% AMI: 18 35 %  
 50% AMI: 15 30 %

**Information**

Set-Aside: N/A  
 Housing Type: Large Family  
 Geographic Area: City of Los Angeles  
 TCAC Project Analyst: Marisol Parks

**Unit Mix**

22 1-Bedroom Units  
 8 2-Bedroom Units  
 19 3-Bedroom Units  


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 49 Total Units

<u>Unit Type &amp; Number</u>	<u>2015 Rents Targeted % of Area Median Income</u>	<u>2015 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 1 Bedroom	30%	30%	\$466
8 1 Bedroom	45%	45%	\$699
7 1 Bedroom	50%	50%	\$778
5 1 Bedroom	60%	60%	\$934
1 2 Bedrooms	30%	30%	\$559
3 2 Bedrooms	45%	45%	\$839
2 2 Bedrooms	50%	50%	\$933
1 2 Bedrooms	60%	60%	\$1,120
2 3 Bedrooms	30%	30%	\$648
7 3 Bedrooms	45%	45%	\$971
6 3 Bedrooms	50%	50%	\$1,079
4 3 Bedrooms	60%	60%	\$1,295
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$4,024,000
Construction Costs	\$14,373,868
Rehabilitation Costs	\$0
Construction Contingency	\$954,829
Relocation	\$0
Architectural/Engineering	\$882,335
Construction Interest, Perm Financing	\$906,226
Legal Fees, Appraisals	\$270,000
Reserves	\$141,046
Other Costs	\$1,659,495
Developer Fee	\$2,000,000
Commercial Costs	\$927,837
<b>Total</b>	<b>\$26,139,636</b>

**Project Financing**

Estimated Total Project Cost:	\$26,139,636
Estimated Residential Project Cost:	\$25,211,799
Estimated Commercial Project Cost:	\$927,837

**Residential**

Construction Cost Per Square Foot:	\$197
Per Unit Cost:	\$514,527
Effective Per Unit Cost*:	\$502,716

**Construction Financing**

Source	Amount
Citi Community Capital	\$14,934,065
HCIDLA - Prop 1C	\$2,400,000
HCIDLA - CDBG	\$3,040,823
AB 1290	\$400,000
UNIDAD Grant	\$100,000
RHF Foundation Inc.	\$1,000,000
LP Deducted Operating Reserve	\$112,029
Deferred Costs	\$45,090
Deferred Developer Fee	\$1,700,000
General Partner Equity	\$1,604
Tax Credit Equity	\$2,406,025

**Permanent Financing**

Source	Amount
Citi Community Capital	\$2,557,043
HCIDLA - Prop 1C	\$2,400,000
HCIDLA - CDBG	\$3,040,823
AB 1290	\$400,000
UNIDAD Grant	\$100,000
RHF Foundation Inc.	\$1,000,000
Deferred Developer Fee	\$600,000
Tax Credit Equity	\$16,041,770
<b>TOTAL</b>	<b>\$26,139,636</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$15,299,795
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$15,299,795
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,376,976
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Boston Financial Investment Mgmt.
Federal Tax Credit Factor:	\$1.16500

Per Regulation Section 10322(i)(4)(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:	\$15,299,795
Actual Eligible Basis:	\$20,088,515
Unadjusted Threshold Basis Limit:	\$11,769,898
Total Adjusted Threshold Basis Limit:	\$16,618,259

**Adjustments to Basis Limit**

- Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages
- Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

Initial:	<b>Letter of Support</b>
First:	<b>Large Family</b>
Final:	<b>32.944%</b>

**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 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.21%. 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:** None.

**Legal Status**

Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

**Local Reviewing Agency**

The Local Reviewing Agency, the Los Angeles Housing 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:

**Federal Tax Credits/Annual**  
**\$1,376,976**

**State Tax Credits/Total**  
**\$0**

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

**Additional Conditions:** None.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Public Funds	20	20	20
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1/8 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1/4 mile of a neighborhood market of at least 5,000 sf	4	4	4
Within 1 mile of a public high school and the site is within the attendance	3	3	3
Within 1/2 mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: LEED	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>138</b>	<b>138</b>	<b>138</b>

**Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.**

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**