

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2018 Second Round**

**September 19, 2018**

Stanford Avenue Apartments, located at 14733-14803 South Stanford Avenue in Los Angeles, requested and is being recommended for a reservation of \$2,177,350 in annual federal tax credits to finance the new construction of 83 units of housing serving special needs tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Hollywood Community 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.

**Project Number** CA-18-095

**Project Name** Stanford Avenue Apartments  
Site Address: 14733-14803 South Stanford Avenue  
Los Angeles, CA 90220 County: Los Angeles  
Census Tract: 5411.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,177,350	\$0
Recommended:	\$2,177,350	\$0

**Applicant Information**

Applicant: Hollywood Community Housing Corporation  
Contact: Sarah Letts  
Address: 5020 Santa Monica Boulevard  
Los Angeles, CA 90029  
Phone: 323-454-6210  
Email: sletts@hollywoodhousing.org

General Partner(s) / Principal Owner(s):	Hollywood Community Housing Corporation
General Partner Type:	Nonprofit
Parent Company(ies):	Hollywood Community Housing Corporation
Developer:	Hollywood Community Housing Corporation
Investor/Consultant:	California Housing Partnership Corporation
Management Agent(s):	Barker Property Management

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 2  
 Total # of Units: 85  
 No. & % of Tax Credit Units: 83 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HOME / HUD Section 8 Project-based Vouchers (53 units / 63%)

**Information**

Set-Aside: Nonprofit (homeless assistance)  
 Housing Type: Special Needs / Large Family  
 Type of Special Needs: Homeless / Physical, Mental, Development Disabilities  
 Average Targeted Affordability of Special Needs/SRO Project Units: 30%  
 % of Special Need Units: 53 units 63%  
 Geographic Area: Balance of Los Angeles County  
 TCAC Project Analyst: Carmen Doonan

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
At or Below 30% AMI: 56	65%
At or Below 50% AMI: 9	10%
At or Below 60% AMI: 18	20%

**Unit Mix**

46 1-Bedroom Units
13 2-Bedroom Units
26 3-Bedroom Units
<b>85 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2018 Rents Targeted % of Area Median Income</b>	<b>2018 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
46 1 Bedroom	30%	30%	\$545
7 2 Bedrooms	30%	30%	\$654
3 3 Bedrooms	30%	30%	\$756
5 2 Bedrooms	50%	50%	\$1,091
4 3 Bedrooms	50%	50%	\$1,260
18 3 Bedrooms	60%	60%	\$1,512
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$26,654,760

**Project Cost Summary at Application**

Land and Acquisition	\$3,275,880
Construction Costs	\$27,699,974
Rehabilitation Costs	\$0
Construction Contingency	\$2,775,290
Relocation	\$0
Architectural/Engineering	\$1,127,475
Const. Interest, Perm. Financing	\$1,908,000
Legal Fees, Appraisals	\$180,000
Reserves	\$270,679
Other Costs	\$2,427,919
Developer Fee	\$1,787,342
Commercial Costs	\$0
<b>Total</b>	<b>\$41,452,559</b>

**Residential**

Construction Cost Per Square Foot:	\$269
Per Unit Cost:	\$487,677
True Cash Per Unit Cost*:	\$461,161

**Construction Financing**

Source	Amount
Citibank	\$22,581,371
HOME	\$2,500,000
LACDC <sup>1</sup> - Land Loan	\$1,370,000
LACDC <sup>1</sup> - MHMF <sup>2</sup>	\$6,735,000
LACDC <sup>1</sup> Fee Waivers	\$383,900
County of LA - AHTF <sup>3</sup>	\$3,750,000
AHP	\$820,700
Deferred Cost	\$1,373,212
General Partner Contribution	\$100
Tax Credit Equity	\$1,938,276

**Permanent Financing**

Source	Amount
Citibank	\$4,840,100
HOME	\$2,500,000
LACDC <sup>1</sup> - Land Loan	\$1,370,000
LACDC <sup>1</sup> - MHMF <sup>2</sup>	\$6,735,000
LACDC <sup>1</sup> Fee Waivers	\$383,900
County of LA - AHTF <sup>3</sup>	\$3,750,000
AHP	\$820,700
General Partner Contribution	\$100
Deferred Developer Fee	\$500,000
Tax Credit Equity	\$20,552,759
<b>TOTAL</b>	<b>\$41,452,559</b>

<sup>1</sup>The Community Development Commission of the County of Los Angeles

<sup>2</sup>Mental Health Housing Funds

<sup>3</sup>Affordable Housing Trust Fund

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$18,609,831
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$24,192,780
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,177,350
Approved Developer Fee in Project Cost:	\$1,787,342
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.94393

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, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$18,609,831
Actual Eligible Basis:	\$36,689,901
Unadjusted Threshold Basis Limit:	\$23,095,652
Total Adjusted Threshold Basis Limit:	\$31,097,159

**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

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all common areas where no VOC adhesives or backing is also used

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First:	<b>Special Needs</b>
Final:	<b>59.850%</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, 3.25%. 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.

**Significant Information / Additional Conditions:** None.

**Resyndication and Resyndication Transfer Event:** 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 has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

### **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 fifteen 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)(5) 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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<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 ½ mile of transit (van or dial-a-ride service for rural set-aside)	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within ¼ mile of public elementary school	3	3	3
Within 1 mile of a pharmacy	1	1	1
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES</b>			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Other Services Specialist, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
<b>SPECIAL NEEDS HOUSING TYPE</b>			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	0	5
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>NEW CONSTRUCTION/ADAPTIVE REUSE</b>			
Develop project in accordance w/ requirements: 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 Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>113</b>	<b>113</b>	<b>113</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.**