

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**October 17, 2018**

Florence Apartments, located at 1600-1616 E. Florence Avenue in an unincorporated area of Los Angeles County, requested and is being recommended for a reservation of \$1,732,889 in annual federal tax credits to finance the new construction of 108 units of housing serving tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by AMCAL Enterprises, Inc. and will be located in Senate District 33 and Assembly District 59.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and the County of Los Angeles Department of Health Services Flexible Housing Subsidy Pool (FHSP). The project financing includes state funding from the IIG and AHSC programs of HCD.

**Project Number** CA-18-780

**Project Name** Florence Apartments  
Site Address: 1600-1616 E. Florence Avenue  
Unincorporated, CA 90001 County: Los Angeles  
Census Tract: 5350.02

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,732,889	\$0
Recommended:	\$1,732,889	\$0

**Applicant Information**

Applicant: Women Organizing Resources, Knowledge and Services  
Contact: Jacquie Yount  
Address: 795 N. Avenue 50  
Los Angeles, CA 90042  
Phone: 323-341-7028  
Email: jacquie@worksusa.org

General Partner(s) or Principal Owner(s): Women Organizing Resources, Knowledge and Services  
General Partner Type: Nonprofit  
Parent Company(ies): Women Organizing Resources, Knowledge and Services  
Developer: AMCAL Enterprises, Inc.  
Investor/Consultant: Hudson Housing Capital  
Management Agent: FPI Management Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 109  
 No. / % of Low Income Units: 108 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HOME / HUD Section 8 Project-based Vouchers  
 (25 units - 23%)

**Bond Information**

Issuer: Housing Authority of the County of Los Angeles  
 Expected Date of Issuance: December 31, 2018

**Information**

Housing Type: Non-Targeted  
 Geographic Area: Balance of Los Angeles County  
 TCAC Project Analyst: Tiffani Negrete

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
At or Below 35% AMI: 54	50%
At or Below 60% AMI: 54	50%

**Unit Mix**

97 1-Bedroom Units
12 2-Bedroom Units
<b>109 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>
29 1 Bedroom	30%	30%	\$545
25 1 Bedroom	30%	30%	\$545
43 1 Bedroom	60%	60%	\$1,091
11 2 Bedrooms	60%	60%	\$1,309
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$37,548,060

**Project Cost Summary at Application**

Land and Acquisition	\$3,093,036
Construction Costs	\$27,764,276
Rehabilitation Costs	\$0
Construction Contingency	\$1,432,021
Relocation	\$1,010,000
Architectural/Engineering	\$1,737,757
Const. Interest, Perm. Financing	\$3,147,953
Legal Fees, Appraisals	\$205,000
Reserves	\$1,055,813
Other Costs	\$4,967,695
Developer Fee	\$3,500,000
Commercial Costs	\$0
<b>Total</b>	<b>\$47,913,551</b>

**Residential**

Construction Cost Per Square Foot:	\$244
Per Unit Cost:	\$439,574
True Cash Per Unit Cost*:	\$430,400

**Construction Financing**

Source	Amount
JP Morgan Chase - T.E. Bonds	\$24,783,635
HCD - IIG	\$4,229,274
LACDC - HOME	\$2,500,000
LACDC - AHTF <sup>1</sup>	\$4,710,000
LACDC - MHHF <sup>2</sup>	\$5,000,000
Deferred Costs	\$914,180
Deferred Developer Fee	\$2,380,000
Tax Credit Equity	\$3,396,462

**Permanent Financing**

Source	Amount
JP Morgan Chase - Tranche A	\$2,420,923
JP Morgan Chase - Tranche B	\$1,853,259
JP Morgan Chase - Tranche C	\$2,139,879
HCD - IIG	\$4,229,274
HCD - AHSC	\$7,027,908
LACDC - HOME	\$2,500,000
LACDC - AHTF <sup>1</sup>	\$4,760,000
LACDC - MHHF <sup>2</sup>	\$5,000,000
Deferred Developer Fee	\$1,000,000
Tax Credit Equity	\$16,982,308
<b>TOTAL</b>	<b>\$47,913,551</b>

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

<sup>1</sup>County of Los Angeles Community Development Commission Affordable Housing Trust Funds

<sup>2</sup>County of Los Angeles Community Development Commission Mental Health Housing Program Funds

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$41,526,208
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$53,984,070
Applicable Rate:	3.27%
Total Maximum Annual Federal Credit:	\$1,732,889
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	Hudson Housing Capital
Federal Tax Credit Factor:	\$0.98000

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.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$41,526,208
Actual Eligible Basis:	\$41,526,208
Unadjusted Threshold Basis Limit:	\$28,611,026
Total Adjusted Threshold Basis Limit:	\$69,151,368

**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

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 100%

**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 3.27% 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.

**Significant Information / Additional Conditions:** None

**Resyndication and Resyndication Transfer Event:** None

**Local Reviewing Agency**

The Local Reviewing Agency, County of Los Angeles Community Development Commission, has completed a site review of this project and strongly supports this project.

**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.

**CDLAC Additional Conditions**

The applicant/owner is required to provide the tenants with the following service amenities free of charge for a minimum of fifteen (15) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC:

- Instructor-led educational classes, health and wellness or skill-building classes on-site for a minimum of 84 hours per year
- Wellness services and programs providing individualized support for tenants on-site

The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The project commits to becoming certified under Leadership in Energy & Environmental Design
- The project commits to having at least 1 building subject to a policy developed by the owner that prohibits smoking in contiguous designated units.
- The project commits to a parking ratio equivalent of 1 parking stall or less per SRO and 1-bedroom restricted rental units, and 1.5 parking stall or less per 2-bedroom and larger restricted rental units.