

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**May 15, 2019**

Ashley Willowbrook, located at 11731 Holmes Avenue in Los Angeles, requested and is being recommended for a reservation of \$614,665 in annual federal tax credits to finance the new construction of 60 units of housing serving tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Integral Development LLC 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-19-458

**Project Name** Ashley Willowbrook  
**Site Address:** 11731 Holmes Avenue  
 Los Angeles, CA 90059 County: Los Angeles  
**Census Tract:** 5407.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$614,665	\$0
Recommended:	\$614,665	\$0

**Applicant Information**

**Applicant:** Ashley Willowbrook, L.P.  
**Contact:** Dalila Sotelo  
**Address:** 1100 S. Hope St., #103  
 Los Angeles, CA 90015  
**Phone:** 213-905-2124  
**Email:** dsotelo@integral-online.com

**General Partner(s) or Principal Owner(s):** Coalition for Responsible Community Development  
 Ashley Willowbrook GP, LLC

**General Partner Type:** Joint Venture

**Parent Company(ies):** Integral Development LLC  
 Coalition for Responsible Community Development  
 Integral Development LLC

**Developer:** Integral Development LLC

**Investor/Consultant:** Boston Financial

**Management Agent:** John Stewart Company

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 61  
 No. / % of Low Income Units: 60 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / Section 8 Project-based Vouchers (37 units - 61%)

**Bond Information**

Issuer: Housing Authority of the County of Los Angeles  
 Expected Date of Issuance: July 1, 2019

**Information**

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

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
35% AMI: 37	62%
50% AMI: 8	13%
60% AMI: 15	25%

**Unit Mix**

27 SRO/Studio Units  
 9 1-Bedroom Units  
 20 2-Bedroom Units  
 5 3-Bedroom Units  


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 61 Total Units

<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>
27 SRO/Studio	30%	30%	\$509
1 1 Bedroom	30%	30%	\$545
4 1 Bedroom	50%	50%	\$909
4 1 Bedroom	60%	60%	\$1,091
4 2 Bedrooms	30%	30%	\$654
4 2 Bedrooms	50%	50%	\$1,091
11 2 Bedrooms	60%	60%	\$1,309
5 3 Bedrooms	30%	30%	\$756
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$915,425
Construction Costs	\$12,877,385
Construction Hard Cost Contingency	\$1,030,191
Soft Cost Contingency	\$150,000
Architectural/Engineering	\$522,500
Const. Interest, Perm. Financing	\$1,360,163
Legal Fees	\$215,000
Reserves	\$435,522
Other Costs	\$901,200
Developer Fee	\$2,429,506
Commercial Costs	\$0
<b>Total</b>	<b>\$20,836,892</b>

**Residential**

Construction Cost Per Square Foot:	\$236
Per Unit Cost:	\$341,588

**Construction Financing**

Source	Amount
Citibank, N.A.	\$11,000,000
CDC - HACoLA <sup>1</sup>	\$5,980,000
Deferred Fees & Costs	\$2,689,145
Tax Credit Equity	\$1,167,747

**Permanent Financing**

Source	Amount
Citibank, N.A.	\$6,239,000
CDC - HACoLA <sup>1</sup>	\$5,980,000
Land Value Write-down <sup>2</sup>	\$315,425
AHP	\$900,000
Deferred Developer Fee	\$1,563,734
Tax Credit Equity	\$5,838,733
<b>TOTAL</b>	<b>\$20,836,892</b>

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

<sup>1</sup>Community Development Commission - Housing Authority of the County of Los Angeles □

<sup>2</sup>County of Los Angeles □

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$18,626,210
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$18,626,210
Applicable Rate:	3.30%
Total Maximum Annual Federal Credit:	\$614,665
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,429,506
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.94990

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:	\$18,626,210
Actual Eligible Basis:	\$18,626,210
Unadjusted Threshold Basis Limit:	\$18,368,868
Total Adjusted Threshold Basis Limit:	\$48,677,501

**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

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 13%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 122%

**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 meet or 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 3.30% 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**

The project's target population is a mix of special needs tenants and low-income households. Thirty-seven (37) units will be designated for special needs tenants consisting of Transition Age Youth experiencing homelessness and homeless families. The remaining twenty-three (23) will be designated for low-income households.

**Resyndication and Resyndication Transfer Event: None**

**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 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 GreenPoint Rated Multifamily Guidelines
- The project will exceed 2016 Title 24 Standards for New Construction by 12% of the California Building Code.
- 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.