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

Palm View Apartments, located at 980 N. Palm Avenue in West Hollywood, requested and is being recommended for a reservation of $552,378 in annual federal tax credits to finance the acquisition and rehabilitation of 39 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 Actors Fund Housing Development Corporation and is located in Senate District 26 and Assembly District 50.

Palm View Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Palm View Apartments (CA-96-203). See **Resyndication and Resyndication Transfer Event** below for additional information. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-19-467

Project Name	Palm View Apartments	
Site Address:	980 N. Palm Avenue	
	West Hollywood, CA 90069	County: Los Angeles
Census Tract:	7005.02	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$552,378	$0
Recommended:	$552,378	$0

Applicant Information

Applicant:	980 North Palm, L.P
Contact:	Connie Yoo
Address:	729 Seventh Avenue, 10th floor New York, NY 10019
Phone:	212.221.730
Email:	cyoo@actorsfund.org

General Partner(s) or Principal Owner(s):	Actors Fund 980 North Palm, LLC Kingdom 980 North Palm, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Actors Fund Housing Development Corporation Kingdom Development, Inc.
Developer:	Actors Fund Housing Development Corporation
Investor/Consultant:	RBC Capital Markets
Management Agent:	Levine Management Group

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	3
Total # of Units:	40
No. / % of Low Income Units:	39 100.00%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt / HOME / HUD Section 8 Project-based Vouchers (28 Units - 72%)

Bond Information

Issuer:	Community Development Commission of the County of Los Angeles
Expected Date of Issuance:	August 15, 2019

Information

Housing Type:	Special Needs
Geographic Area:	Balance of Los Angeles County
TCAC Project Analyst:	Jack Waegell

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	28	72%
60% AMI:	11	28%

Unit Mix

29	1-Bedroom Units
11	2-Bedroom Units
40	Total Units

Unit Type & Number		2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
11	1 Bedroom	30%	30%	$545
17	1 Bedroom	30%	30%	$545
11	2 Bedrooms	60%	50%	$1,091
1	1 Bedroom	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$7,546,813
Rehabilitation Costs	$4,939,745
Construction Hard Cost Contingency	$493,975
Soft Cost Contingency	$500,000
Relocation	$80,000
Architectural/Engineering	$120,000
Const. Interest, Perm. Financing	$374,042
Legal Fees	$205,000
Reserves	$311,307
Other Costs	$807,203
Developer Fee	$1,890,513
Commercial Costs	$0
Total	**$17,268,598**

Residential	
Construction Cost Per Square Foot:	$164
Per Unit Cost:	$431,715

Construction Financing

Source	Amount
JPMorgan Chase Bank, NA	$8,000,000
The Actors Fund - Assumed Loan	$4,122,411
City of West Hollywood	$1,783,552
County of Los Angeles - HOME	$1,640,850
Tax Credit Equity	$1,721,785

Permanent Financing

Source	Amount
JPMorgan Chase Bank, NA	$3,032,390
The Actors Fund - Assumed Loan	$4,122,411
City of West Hollywood	$1,783,552
County of Los Angeles - HOME	$1,640,850
County of Los Angeles Loan	$1,000,000
Deferred Developer Fee	$276,632
Tax Credit Equity	$5,412,763
TOTAL	**$17,268,598**

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

Determination of Credit Amount(s)	
Requested Eligible Basis (Rehabilitation):	$7,482,650
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$7,011,286
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$9,727,446
Qualified Basis (Acquisition):	$7,011,286
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$321,006
Maximum Annual Federal Credit, Acquisition:	$231,372
Total Maximum Annual Federal Credit:	$552,378
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,890,513
Investor/Consultant:	RBC Capital Markets
Federal Tax Credit Factor:	$0.97990

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:	$14,493,936
Actual Eligible Basis:	$14,493,936
Unadjusted Threshold Basis Limit:	$12,082,131
Total Adjusted Threshold Basis Limit:	$30,446,970

Adjustments to Basis Limit

95% of Upper Floor Units are Elevator-Serviced
Highest or High Resource Opportunity Area
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 142%

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: None

Resyndication and Resyndication Transfer Event

Prior to closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-96-203). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s).

Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-96-203) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

TCAC approved the transfer of this project on September 20, 2018 based on the applicant's assumption of the outstanding debt on the property without any net proceeds to the seller. As a result, a Capital Needs Covenant was not required for the transfer to the applicant.

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 rehabilitation project commits to improve energy efficiency above the modeled energy consumption of the building(s) by a 20% decrease, based on an estimated annual energy use, in the buildings Home Energy Rating System II (HERS II) post rehabilitation.