

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2019 First Round
June 12, 2019

LAMP Lodge, located at 656-660 Stanford Avenue in Los Angeles, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$2,767,227 in total state tax credits to finance the new construction of 81 units of housing serving special needs tenants with rents affordable to households earning 30% of area median income (AMI). The project will be developed by Meta Housing Corporation and will be located in Senate District 30 and Assembly District 53.

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

Project Number CA-19-041

Project Name LAMP Lodge
 Site Address: 656-660 Stanford Avenue
 Los Angeles, CA 90021 County: Los Angeles
 Census Tract: 2063.000

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,500,000	\$2,767,227
Recommended:	\$2,500,000	\$2,767,227

* The applicant made an irrevocable election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: LAMP Lodge LP
 Contact: Aaron Mandel
 Address: 11150 W Olympic Blvd, Suite 620
 Los Angeles, CA 90064
 Phone: 310-575-3543
 Email: amandel@metahousing.com

General Partner(s) / Principal Owner(s): LAMP, Inc.
 LAMP Lodge, LLC

General Partner Type: Joint Venture

Parent Company(ies): The People Concern
 Meta Housing Corporation

Developer: Meta Housing Corporation

Investor/Consultant: Boston Financial Investment Management, LP

Management Agent(s): The John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 82
 No. & % of Tax Credit Units: 81 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project-based Vouchers (49% - 40 units) / HOME / HOPWA

Information

Set-Aside: Special Needs
 Housing Type: Special Needs
 Type of Special Needs: Homeless / Persons with Disabilities
 Average Targeted Affordability of Special Needs/SRO Project Units: 30.00%
 % of Special Need Units: 81 units 100%
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Jack Waegell

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 81	80%

Unit Mix

74 SRO/Studio Units
 7 1-Bedroom Units
1 2-Bedroom Units
 82 Total Units

Unit Type & Number	2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
12 SRO/Studio	30%	17%	\$294
9 SRO/Studio	30%	27%	\$464
22 SRO/Studio	30%	27%	\$464
31 SRO/Studio	30%	30%	\$509
1 1 Bedroom	30%	21%	\$384
6 1 Bedroom	30%	21%	\$384
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,275,676
Construction Costs	\$24,559,821
Rehabilitation Costs	\$0
Construction Contingency	\$1,442,056
Relocation	\$2,740,000
Architectural/Engineering	\$1,554,349
Const. Interest, Perm. Financing	\$1,174,109
Legal Fees	\$205,000
Reserves	\$1,560,009
Other Costs	\$2,225,751
Developer Fee	\$1,748,632
Commercial Costs	\$0
Total	\$41,485,404

Residential

Construction Cost Per Square Foot:	\$652
Per Unit Cost:	\$505,920
True Cash Per Unit Cost*:	\$482,889

Construction Financing

Source	Amount
JPMorgan Chase Bank, N.A.	\$7,000,000
City of Los Angeles- Ground Lease Value	\$1,825,379
LACDC - AHTF	\$1,970,000
LACDC - MHHP	\$2,955,000
HCIDLA - HOPWA	\$1,470,740
HCIDLA - HOME	\$2,600,000
HCD - Recast CHRP-R	\$1,834,621
FHLB - AHP	\$810,000
Deferred Costs	\$1,560,009
Deferred Developer Fee	\$924,318
Tax Credit Equity	\$18,535,336

Permanent Financing

Source	Amount
JPMorgan Chase Bank, N.A.	\$3,167,765
Los Angeles- Ground Lease Value	\$1,825,379
LACDC - AHTF	\$2,000,000
LACDC - MHHP	\$3,000,000
HCIDLA - HOPWA	\$1,470,740
HCIDLA - HOME	\$2,600,000
HCD - Recast CHRP-R	\$1,834,621
FHLB - AHP	\$810,000
Deferred Developer Fee	\$63,117
Tax Credit Equity	\$24,713,782
TOTAL	\$41,485,404

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$26,074,090
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$33,896,317
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$2,767,227
Approved Developer Fee in Project Cost:	\$1,748,632
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Boston Financial Investment Management, LP
Federal Tax Credit Factor:	\$0.90000
State Tax Credit Factor:	\$0.80000

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:	\$26,074,090
Actual Eligible Basis:	\$31,423,643
Unadjusted Threshold Basis Limit:	\$18,194,745
Total Adjusted Threshold Basis Limit:	\$26,074,091

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
- 100% of the Low Income Units for Special Needs Population
- 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 interior floor space other than units (where no VOC adhesives or backing is
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Special Needs
Final:	58.803%

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 9.0% 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

This project's estimated cost is \$505,920 per unit. The project is located in downtown Los Angeles with a relatively high land cost and is a 5-story building of Type III construction over 2 levels of Type I construction rather than wood frame construction. In addition, the City of Los Angeles requires the use of a strict Project Labor Agreement (union labor/wages) through the project's entitlements and commercial prevailing wage thereafter which adds significant construction costs and limits availability of general contractors and subcontractors. This new construction project also requires the demolition of the existing dilapidated apartment building that is on the site and the relocation of its tenants.

The project's owner will pay all of the project's utilities.

The project involves the demolition of an existing building occupied by 39 low-income tenants/households. Under the relocation, these tenants will have a First Right of Return for occupancy in the new housing. These tenants were special needs tenants at the time of their occupancy in the existing building and will therefore be special needs tenants in the new tax-credit building/project, consistent with the application's 100% special needs tenant population designation.

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, the City of Los Angeles Housing and Community Investment Department, has completed a site review of this project and strongly supports this project.

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.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Special Needs project within ½ mile of facility serving tenant population	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
SPECIAL NEEDS HOUSING TYPE			
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	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION			
Develop project in accordance w/ requirements: GreenPoint Rated Program	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	113	113	113

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.