

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report Tax-Exempt Bond Project January 15, 2020

Ingraham Apartments, located at 1218-1232 Ingraham Street in Los Angeles, requested and is being recommended for a reservation of \$1,938,540 in annual federal tax credits and \$3,071,249 in total state tax credits to finance the new construction of 120 units of housing serving tenants and special needs tenants with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by Single Room Occupancy Housing Corporation and will be located in Senate District 24 and Assembly District 53.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and VASH Vouchers. The project financing includes state funding from the NPLH program of HCD.

Project Number	CA-20-402
Project Name	Ingraham Apartments
Site Address:	1218-1232 Ingraham Street
	Los Angeles, CA 90017
	County: Los Angeles
Census Tract:	2091.02

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,938,540	\$3,071,249
Recommended:	\$1,938,540	\$3,071,249

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

Applicant Information

Applicant:	Ingraham Apartments, L.P.
Contact:	Joseph Corcoran
Address:	1055 West 7th Street, Suite 3250
	Los Angeles, CA 90017
Phone:	213-229-9640
Email:	josephc@srohousing.org
General Partner(s) or Principal Owner(s):	SRO Commercial LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Single Room Occupancy Housing Corporation
Developer:	Single Room Occupancy Housing Corporation
Investor/Consultant:	Enterprise Community Investment
Management Agent:	Single Room Occupancy Housing Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 121
 No. / % of Low Income Units: 120 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (45 Units / 37%)
 and HUD-VASH Project Based Vouchers (45 Units / 37%)

Bond Information

Issuer: City of Los Angeles Housing & Community Investment Department
 Expected Date of Issuance: May 15, 2020

Information

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

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	90	75%
50% AMI:	30	25%

Unit Mix

120 SRO/Studio Units
1 1-Bedroom Units
121 Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
45	SRO/Studio	30%	30%	\$548
45	SRO/Studio	30%	30%	\$548
30	SRO/Studio	50%	50%	\$913
1	1 Bedroom	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$10,844,045
Construction Costs	\$33,619,985
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,757,699
Soft Cost Contingency	\$200,067
Relocation	\$0
Architectural/Engineering	\$1,858,484
Const. Interest, Perm. Financing	\$4,977,130
Legal Fees	\$135,000
Reserves	\$1,439,205
Other Costs	\$1,678,244
Developer Fee	\$2,600,000
Commercial Costs	\$0
Total	\$60,109,859

Residential

Construction Cost Per Square Foot:	\$443
Per Unit Cost:	\$496,776
True Cash Per Unit Cost*:	\$496,776

Construction Financing

Source	Amount
Union Bank	\$32,500,000
HCD/Los Angeles County - NPLH	\$14,775,000
City of Los Angeles - HHH	\$1,690,000
Los Angeles County - AHTF & MHHP	\$4,925,000
FHLB - AHP	\$1,500,000
Deferred Costs	\$2,689,205
Tax Credit Equity	\$2,030,654

Permanent Financing

Source	Amount
CCRC	\$6,278,000
HCD/Los Angeles County - NPLH	\$15,000,000
City of Los Angeles HHH	\$12,000,000
Los Angeles County - AHTF & MHHP	\$5,000,000
FHLB - AHP	\$1,500,000
Tax Credit Equity	\$20,331,859
TOTAL	\$60,109,859

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$46,024,214
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$59,831,478
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$1,938,540
Total State Credit:	\$3,071,249
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,600,000
Investor/Consultant:	Enterprise Community Investment
Federal Tax Credit Factor:	\$0.93000
State Tax Credit Factor:	\$0.75000

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:	\$46,024,214
Actual Eligible Basis:	\$46,024,214
Unadjusted Threshold Basis Limit:	\$30,035,159
Total Adjusted Threshold Basis Limit:	\$94,103,789

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 – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 25%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 150%

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 3.24% 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 will provide 90 units (75%) for special needs persons/households, including persons with mental illness. For these units the Housing Authority of the City of Los Angeles has committed 45 project-based vouchers for homeless persons/households and 45 VASH vouchers for VASH-eligible homeless veterans. In addition, the Los Angeles County Department of Health Services will provide supportive services for these 90 units. The balance of the affordable units (30 units) will be available to low-income persons/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.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

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 comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.