CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 14, 2020

NoHo 5005, located at 5050 Bakman Avenue in Los Angeles, requested a reservation of $759,111 in annual federal tax credits and $2,387,853 in total state tax credits, but is being recommended for a reservation of $758,688 in annual federal tax credits and $2,379,429 in total state tax credits (see the **"Significant Information / Additional Conditions"** section) to finance the new construction of 7 units of housing serving tenants and 32 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 Decro Corporation and will be located in Senate District 46 and Assembly District 18.

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

Project Number	CA-20-484	
Project Name	NoHo 5050	
Site Address:	5050 Bakman Avenue	
	Los Angeles, CA 91601	County: Los Angeles
Census Tract:	1254.01	

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$759,111	$2,387,853
Recommended:	$758,688	$2,379,429

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

Applicant Information

Applicant:	NoHo 5050, L.P.
Contact:	Greg Comanor
Address:	3431 Wesley Avenue, Suite F Culver City, CA 90232
Phone:	818.400.1510
Email:	greg@daylight.la

General Partner(s) or Principal Owner(s):	Decro NoHo 5050, LLC NoHo 5050 PSH, LLC Daylight Community Development, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Decro Corporation Decro Corporation & Downtown Women's Center Daylight Community Development, LLC
Developer:	Decro Corporation
Investor/Consultant:	Enterprise Housing Credit Investments, Inc.
Management Agent:	FPI Management

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	40
No. / % of Low Income Units:	39 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (82% / 32 Units)

Bond Information

Issuer:	City of Los Angeles (HCIDLA)
Expected Date of Issuance:	July 31, 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:	32	82%
60% AMI:	7	18%

Unit Mix

4	SRO/Studio Units
28	1-Bedroom Units
8	2-Bedroom Units
40	Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
4	SRO/Studio	30%	30%	$547
28	1 Bedroom	30%	30%	$587
7	2 Bedrooms	60%	42%	$987
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$2,201,180
Construction Costs	$11,365,001
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$1,150,000
Soft Cost Contingency	$192,062
Relocation	$396,621
Architectural/Engineering	$665,200
Const. Interest, Perm. Financing	$1,357,430
Legal Fees	$206,290
Reserves	$347,376
Other Costs	$1,243,316
Developer Fee	$2,349,400
Commercial Costs	$0
Total	**$21,473,876**

Residential	
Construction Cost Per Square Foot:	$463
Per Unit Cost:	$536,847
True Cash Per Unit Cost*:	$536,847

Construction Financing

Source	Amount
JP Morgan Chase	$10,770,606
HCIDLA - HHH Loan	$3,833,200
HCD / LACDA - NPLH Loan	$4,370,000
Costs Deferred During Constructior	$475,376
GP Capital Contribution	$100
Deferred Developer Fee	$1,179,950
Tax Credit Equity	$855,144

Permanent Financing

Source	Amount
JP Morgan Chase	$4,323,737
HCIDLA - HHH Loan	$3,833,200
HCD / LACDA - NPLH Loan	$4,370,000
GP Capital Contribution	$100
Tax Credit Equity	$8,946,839
TOTAL	**$21,473,876**

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

Determination of Credit Amount(s)	
Requested Eligible Basis:	$18,012,069
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$23,415,690
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	$758,688
Total State Credit:	$2,379,429
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,349,400
Investor/Consultant:	Enterprise Housing Credit Investments, Inc.
Federal Tax Credit Factor:	$0.94406
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:	$18,012,069
Actual Eligible Basis:	$18,012,069
Unadjusted Threshold Basis Limit:	$13,907,904
Total Adjusted Threshold Basis Limit:	$40,889,238

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 – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 164%

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 3.24% 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 developer fee cost and developer fee eligible basis figures included in the TCAC application of $2,359,900 exceed the TCAC maximum of $2,349,400 by $10,500 under regulation section 10327(c)(2)(B). Staff adjusted according resulting in slight reductions to the recommended reservation of federal and state tax credits as shown on page 1 of the staff report.

Staff noted the project's estimated project cost per unit is $536,847. The applicant indicated that the cost estimate takes into account the project's prevailing wage requirement and the latest cost estimates of material and labor received from general contractors. The project will also include common space and features to meet the needs of the special needs tenant population which all contribute to the project's higher cost per unit.

The project will require the demolition of six residential units and the permanent relocation of the six households. The project will pay these households permanent relocation benefits.

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.