

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

Abode Communities, located at 4314, 4347 West Adams Boulevard in Los Angeles, requested and is being recommended for a reservation of \$2,236,487 in annual federal tax credits and \$2,927,933 in total state tax credits to finance the new construction of 84 units of housing serving seniors with rents affordable to households earning 50% of area median income (AMI). The project will be developed by Abode Communities and will be located in Senate District 54 and Assembly District 30.

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 MHP program of HCD.

Project Number CA-20-546

Project Name Adams Terrace
Site Address: 4314, 4347 West Adams Boulevard
Los Angeles, CA 90018 County: Los Angeles
Census Tract: 2187.02

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,236,487	\$2,927,933
Recommended:	\$2,236,487	\$2,927,933

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Abode Communities
Contact: Lara Regus
Address: 1149 S. Hill Street, Suite 700
Los Angeles, CA 90015
Phone: (213) 225-2812
Email: lregus@abodecommunities.org

General Partner(s) or Principal Owner(s): Adams Terrace GP, LLC
General Partner Type: Nonprofit
Parent Company(ies): Abode Communities
Developer: Abode Communities
Investor/Consultant: California Housing Partnership
Management Agent: Abode Communities

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 2
 Total # of Units: 86
 No. / % of Low Income Units: 84 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project Based Vouchers (43 units - 50%)

Bond Information

Issuer: City of Los Angeles
 Expected Date of Issuance: September 1, 2020

Information

Housing Type: Seniors
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Prashil Keshav

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
50% AMI: 84	100%

Unit Mix

38 SRO/Studio Units
 46 1-Bedroom Units
 2 2-Bedroom Units

 86 Total Units

Unit Type & Number	2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
20 SRO/Studio	50%	20%	\$365
23 1 Bedroom	50%	20%	\$391
18 SRO/Studio	50%	42%	\$773
23 1 Bedroom	50%	45%	\$887
2 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,108,823
Construction Costs	\$36,242,408
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,638,065
Soft Cost Contingency	\$340,895
Relocation	\$0
Architectural/Engineering	\$1,819,684
Const. Interest, Perm. Financing	\$4,271,807
Legal Fees	\$195,000
Reserves	\$831,007
Other Costs	\$1,658,699
Developer Fee	\$6,925,824
Commercial Costs	\$0
Total	\$60,032,212

Residential

Construction Cost Per Square Foot:	\$688
Per Unit Cost:	\$698,049
True Cash Per Unit Cost*:	\$636,179

Construction Financing

Source	Amount
US Bank - TE Loan	\$33,769,000
US Bank - Taxable	\$1,806,404
HCID - Seller Note	\$895,000
HCID - HHH	\$12,000,000
LACDA	\$4,950,000
AHP	\$2,000,000
Deferred Interest	\$515,208
Deferred Costs	\$1,856,007
Tax Credit Equity	\$2,240,593

Permanent Financing

Source	Amount
US Bank	\$3,627,000
HCD - MHP	\$8,000,000
HCID - Seller Note	\$895,000
HCID - HHH	\$12,000,000
LACDA	\$5,000,000
AHP	\$2,000,000
Deferred Interest	\$515,208
Deferred Developer Fee	\$4,425,824
Tax Credit Equity	\$23,569,180
TOTAL	\$60,032,212

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$53,097,987
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$69,027,383
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$2,236,487
Total State Credit:	\$2,927,933
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,925,824
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.94912
State Tax Credit Factor:	\$0.80000

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:	\$53,097,987
Actual Eligible Basis:	\$53,097,987
Unadjusted Threshold Basis Limit:	\$27,522,048
Total Adjusted Threshold Basis Limit:	\$66,603,356

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

- Project subject to a project labor agreement or Project will use skilled and trained workforce performing within an apprenticeable occupation.

Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels

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: 118%

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

Development costs are roughly \$698,049 per unit. The applicant noted the factors attributing to the high cost include the irregular site shape, prevailing wage, capitalized reserve requirements, and high construction costs.

This project involves the new construction of 2 scattered-sites that are approximately 350 feet apart.

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.