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

Palm Vista Apartments, located at 20116-20128 Sherman Way in Los Angeles, requested and is being recommended for a reservation of $1,244,398 in annual federal tax credits and $4,992,958 in total state tax credits to finance the new construction of 45 units of housing serving tenants and 44 units of housing serving special needs tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by GTM Holdings, LLC and will be located in Senate District 27 and Assembly District 45.

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/MHP programs of HCD.

Project Number	CA-20-555	
Project Name	Palm Vista Apartments	
Site Address:	20116-20128 Sherman Way	
	Los Angeles, CA 91306	County: Los Angeles
Census Tract:	1348.00	

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$1,244,398	$4,992,958
Recommended:	$1,244,398	$4,992,958

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

Applicant Information

Applicant:	Palm Vista, LP
Contact:	Sarah Letts
Address:	5020 Santa Monica Blvd. Los Angeles, CA 90029
Phone:	323-469-0710
Email:	sletts@hollywoodhousing.org

General Partner(s) or Principal Owner(s):	HCHC Palm Vista MGP, LLC GTM Palm Vista AGP, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Hollywood Community Housing Corporation GTM Holdings, LLC
Developer:	GTM Holdings, LLC
Investor/Consultant:	US Bank CDC
Management Agent:	Barker Property Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 91
No. / % of Low Income Units: 89 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (49% / 44 Units)

Bond Information

Issuer: City of Los Angeles
Expected Date of Issuance: September 1, 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
50% AMI:	27	30%
60% AMI:	62	70%

Unit Mix

58 1-Bedroom Units
33 2-Bedroom Units
91 Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
27	1 Bedroom	50%	30%	$587
13	1 Bedroom	60%	30%	$587
4	2 Bedrooms	60%	30%	$705
2	2 Bedrooms	60%	30%	$705
18	1 Bedroom	60%	50%	$979
25	2 Bedrooms	60%	50%	$1,175
2	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$7,285,000
Construction Costs	$27,220,489
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$1,544,210
Soft Cost Contingency	$120,000
Relocation	$801,400
Architectural/Engineering	$1,366,650
Const. Interest, Perm. Financing	$2,646,834
Legal Fees	$110,000
Reserves	$928,351
Other Costs	$1,459,126
Developer Fee	$5,009,656
Commercial Costs	$0
Total	**$48,491,716**

Residential

Construction Cost Per Square Foot:	$309
Per Unit Cost:	$532,876
True Cash Per Unit Cost*:	$530,629

Construction Financing

Source	Amount
US Bank, N.A.	$27,000,000
LACDA - NPLH	$6,440,000
LACDA - AHTF	$2,000,000
AHP	$890,000
Deferred Costs & Fees	$5,688,007
General Partner Equity	$2,509,656
Tax Credit Equity	$3,964,053

Permanent Financing

Source	Amount
US Bank, N.A.	$4,300,000
HCD- MHP	$16,311,615
LACDA - NPLH	$6,440,000
LACDA - AHTF	$2,000,000
AHP	$890,000
Deferred Developer Fee	$204,482
General Partner Equity	$2,509,656
Tax Credit Equity	$15,835,963
TOTAL	**$48,491,716**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$38,407,361
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	$38,407,361
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	$1,244,398
Total State Credit:	$4,992,958
Approved Developer Fee (in Project Cost & Eligible Basis):	$5,009,656
Investor/Consultant:	US Bank CDC
Federal Tax Credit Factor:	$0.96363
State Tax Credit Factor:	$0.77000

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:	$38,407,361
Actual Eligible Basis:	$38,407,361
Unadjusted Threshold Basis Limit:	$33,081,456
Total Adjusted Threshold Basis Limit:	$55,696,997

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: 30%

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's cost is estimated at $532,876 per unit. The applicant indicated project's estimated cost is due in part to the increase cost of materials as a result of tariffs, prevailing wage costs, the commercial relocation costs associated with the site, a capitalized transition reserve for the NPLH program funds, and the cost of furnishings for the 44 homeless units.

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.