

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

Amani Apartments, located at 4200 W. Pico Blvd. in Los Angeles, requested and is being recommended for a reservation of \$863,896 in annual federal tax credits and \$7,999,040 in total state tax credits to finance the new construction of 53 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 Wakeland Housing & Development Corporation and will be located in Senate District 26 and Assembly District 47.

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-20-541

Project Name Amani Apartments
Site Address: 4200 W. Pico Blvd.
 Los Angeles, CA 90019 County: Los Angeles
Census Tract: 2181.10

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$863,896	\$7,999,040
Recommended:	\$863,896	\$7,999,040

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

Applicant Information

Applicant: Wakeland Housing and Development Corporation
Contact: Veronica Garcia
Address: 1230 Columbia Street, #950
 San Diego, CA 92101
Phone: (619) 895-9060
Email: vgarcia@wakelandhdc.com

General Partner(s) or Principal Owner(s): Wakeland Amani, LLC
General Partner Type: Nonprofit
Parent Company(ies): Wakeland Housing & Development Corporation
Developer: Wakeland Housing & Development Corporation
Investor/Consultant: California Housing Partnership Corporation
Management Agent: ConAm Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 54
 No. / % of Low Income Units: 53 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (53 units - 100%)

Bond Information

Issuer: City of Los Angeles
 Expected Date of Issuance: August 12, 2020

Information

Housing Type: Special Needs
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Tiffani Negrete

55-Year Use / Affordability

Aggregate Targeting		Percentage of
Number of Units		Affordable Units
30% AMI:	53	100%

Unit Mix

53 SRO/Studio Units
1 2-Bedroom Units
54 Total Units

Unit Type & Number	2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
53 SRO/Studio	30%	30%	\$548
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,515,000
Construction Costs	\$17,609,934
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$880,497
Soft Cost Contingency	\$254,725
Relocation	\$0
Architectural/Engineering	\$1,887,759
Const. Interest, Perm. Financing	\$2,188,555
Legal Fees	\$85,000
Reserves	\$933,118
Other Costs	\$2,226,628
Developer Fee	\$3,155,890
Commercial Costs	\$0
Total	\$32,737,106

Residential

Construction Cost Per Square Foot:	\$493
Per Unit Cost:	\$606,243
True Cash Per Unit Cost*:	\$606,243

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Wells Fargo - T.E. Bonds	\$17,000,000	CCRC - T.E. Bonds	\$3,212,960
HCD - NPLH	\$2,178,000	HCD - NPLH	\$2,420,000
LAHCID - Prop HHH	\$8,731,500	LAHCID - Prop HHH	\$11,410,000
Accrued Interest	\$338,205	Accrued Interest	\$338,205
Deferred Costs	\$3,089,146	Contributed Developer Fee	\$655,890
General Partner Equity	\$85,000	General Partner Equity	\$85,000
Tax Credit Equity	\$1,315,255	Tax Credit Equity	\$14,615,051
		TOTAL	\$32,737,106

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$26,663,472
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$26,663,472
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$863,896
Total State Credit:	\$7,999,040
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,155,890
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.95102
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:	\$26,663,472
Actual Eligible Basis:	\$26,663,472
Unadjusted Threshold Basis Limit:	\$15,955,656
Total Adjusted Threshold Basis Limit:	\$52,972,778

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

100% of the Low Income Units for Special Needs Population

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: 200%

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 reservation of tax credits is contingent upon verification by HUD of the rental subsidy contract rent amounts within 180 days of the date of reservation.

The proposed rents do not include any utility allowance. The owner will pay for all utilities.

The applicant’s estimate of contractor profit, overhead and general requirement costs exceeds TCAC limit of 14% based on the specific line item costs. The applicant is cautioned that at final review, prior to the issuance of the IRS 8609 forms, any costs or eligible basis that exceeds the limits will not be allowed.

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.