

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2020 First Round**

**June 17, 2020**

Dorie Miller Manor, located at 833-847<sup>1/2</sup> E. 120th Street and 937-973<sup>1/2</sup> E. 120th Street in Los Angeles, requested and is being recommended for a reservation of \$1,072,978 in annual federal tax credits and \$3,796,946 in total state tax credits to finance the acquisition and rehabilitation of 35 units of housing with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by ELOM LLC and is located in Senate District 30 and Assembly District 64.

The project is currently at-risk, but is being recommended for a reservation of tax credits that will be preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

**Project Number** CA-20-033

**Project Name** Dorie Miller Manor

Site Address: 833-847<sup>1/2</sup> E. 120th Street and 937-973<sup>1/2</sup> E. 120th Street  
Los Angeles, CA 90059 County: Los Angeles

Census Tract: 2410.02

| <b>Tax Credit Amounts</b> | <b>Federal/Annual</b> | <b>State/Total *</b> |
|---------------------------|-----------------------|----------------------|
| Requested:                | \$1,072,978           | \$3,796,946          |
| Recommended:              | \$1,072,978           | \$3,796,946          |

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

**Applicant Information**

Applicant: ELOM, LLC

Contact: Jon Lalanne

Address: 22760 Hawthorne Blvd, Suite 220  
Torrance, CA 90505

Phone: 310-373-6120

Email: jon@elom.com

General Partner(s) / Principal Owner(s): ELOM, LLC  
Horizon Development Consulting, LLC  
AOF/Pacific Affordable Housing Corp.

General Partner Type: Joint Venture

Parent Company(ies): ELOM, LLC  
Horizon Development Consulting, LLC  
American Opportunity Foundation

Developer: ELOM LLC

Investor/Consultant: RBC Capital Markets, Inc.

Management Agent(s): Solari Enterprises, Inc.

**Project Information**

Construction Type: Acquisition & Rehabilitation  
 Total # Residential Buildings: 10  
 Total # of Units: 36  
 No. & % of Tax Credit Units: 35 100%  
 Federal Set-Aside Elected: 40%/60% Average Income  
 Federal Subsidy: HUD Section 8 Project-based Vouchers (35 units - 100%)

**Information**

Set-Aside: At-Risk  
 Housing Type: At-Risk  
 Geographic Area: City of Los Angeles  
 TCAC Project Analyst: Ruben Barcelo

**55-Year Use / Affordability**

| <b>Aggregate Targeting</b> | <b>Number of Units</b> | <b>Percentage of Affordable Units</b> |
|----------------------------|------------------------|---------------------------------------|
| At or Below 30% AMI:       | 7                      | 20%                                   |
| At or Below 40% AMI:       | 5                      | 10%                                   |
| At or Below 50% AMI:       | 11                     | 30%                                   |
| At or Below 60% AMI:       | 9                      | 26%                                   |
| At or Below 80% AMI:       | 3                      | 9%                                    |

**Unit Mix**

|                    |
|--------------------|
| 36 4-Bedroom Units |
| 36 Total Units     |

| <b>Unit Type &amp; Number</b> | <b>2019 Rents Targeted % of Area Median Income</b> | <b>2019 Rents Actual % of Area Median Income</b> | <b>Proposed Rent (including utilities)</b> |
|-------------------------------|--|--|--|
| 7 4 Bedrooms                  | 30%  | 30%  | \$909                                      |
| 5 4 Bedrooms                  | 40%  | 40%  | \$1,212                                    |
| 11 4 Bedrooms                 | 50%  | 50%  | \$1,515                                    |
| 9 4 Bedrooms                  | 60%  | 52%  | \$1,586                                    |
| 3 4 Bedrooms                  | 80%  | 52%  | \$1,586                                    |
| 1 4 Bedrooms                  | Manager's Unit                                     | Manager's Unit                                   | \$0  |

**Project Cost Summary at Application**

|                                  |                     |
|----------------------------------|---------------------|
| Land and Acquisition             | \$10,500,000        |
| Construction Costs               | \$0                 |
| Rehabilitation Costs             | \$5,117,200         |
| Construction Contingency         | \$710,720           |
| Relocation                       | \$174,000           |
| Architectural/Engineering        | \$365,000           |
| Const. Interest, Perm. Financing | \$911,500           |
| Legal Fees                       | \$150,000           |
| Reserves                         | \$184,637           |
| Other Costs                      | \$509,939           |
| Developer Fee                    | \$2,000,000         |
| Commercial Costs                 | \$0                 |
| <b>Total</b>                     | <b>\$20,622,996</b> |

**Residential**

|                                    |           |
|------------------------------------|-----------|
| Construction Cost Per Square Foot: | \$119     |
| Per Unit Cost:                     | \$572,861 |
| True Cash Per Unit Cost*:          | \$545,156 |

| <b>Construction Financing</b> |              | <b>Permanent Financing</b> |                     |
|-------------------------------|--------------|----------------------------|---------------------|
| Source                        | Amount       | Source                     | Amount              |
| Citi Community Capital        | \$16,127,219 | Citi Community Capital     | \$5,480,000         |
| Deferred Developer Fee        | \$1,749,343  | Net Operating Income       | \$413,456           |
| Tax Credit Equity             | \$2,746,434  | Deferred Developer Fee     | \$997,371           |
|                               |              | Solar Tax Credit Equity    | \$288,070           |
|                               |              | Tax Credit Equity          | \$13,444,099        |
|                               |              | <b>TOTAL</b>               | <b>\$20,622,996</b> |

\*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

|  |                           |
|--|---------------------------|
| Requested Eligible Basis (Rehabilitation):     | \$8,316,174               |
| 130% High Cost Adjustment:                     | Yes                       |
| Requested Eligible Basis (Acquisition):        | \$10,016,108              |
| Applicable Fraction:                           | 100.00%                   |
| Qualified Basis (Rehabilitation):              | \$8,316,174               |
| Applicable Rate:                               | 9.00%                     |
| Qualified Basis (Acquisition):                 | \$10,016,108              |
| Applicable Rate:                               | 3.24%                     |
| Maximum Annual Federal Credit, Rehabilitation: | \$748,456                 |
| Maximum Annual Federal Credit, Acquisition:    | \$324,522                 |
| Total Maximum Annual Federal Credit:           | \$1,072,978               |
| Total State Credit:                            | \$3,796,946               |
| Approved Developer Fee in Project Cost:        | \$2,000,000               |
| Approved Developer Fee in Eligible Basis:      | \$1,581,045               |
| Investor/Consultant:                           | RBC Capital Markets, Inc. |
| Federal Tax Credit Factor:                     | \$0.96990                 |
| State Tax Credit Factor:                       | \$0.79992                 |

The “as if vacant” land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. 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:  | \$18,332,282 |
| Actual Eligible Basis:                | \$18,332,282 |
| Unadjusted Threshold Basis Limit:     | \$18,152,424 |
| Total Adjusted Threshold Basis Limit: | \$18,515,472 |

**Adjustments to Basis Limit**

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Project has onsite renewable generation estimated to produce 75% or more of annual common area electricity use as indicated in TCAC Regulations.



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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

| <b>Points System</b>  | <b>Max. Possible Points</b> | <b>Requested Points</b> | <b>Points Awarded</b> |
|---|-----------------------------|-------------------------|-----------------------|
| <b>Owner / Management Characteristics</b>                                   | <b>9</b>                    | <b>9</b>                | <b>9</b>              |
| General Partner Experience  | 6                           | 6                       | 6                     |
| Management Experience   | 3                           | 3                       | 3                     |
| <b>Housing Needs</b>  | <b>10</b>                   | <b>10</b>               | <b>10</b>             |
| <b>Site Amenities</b>   | <b>15</b>                   | <b>15</b>               | <b>15</b>             |
| Within 1/3 mile of transit, service every 30 min, 25 units/acre density     | 7                           | 7                       | 7                     |
| Within 1/2 mile of public park or community center open to general public   | 3                           | 3                       | 3                     |
| Within 1 mile of public library   | 2                           | 2                       | 2                     |
| Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf     | 4                           | 4                       | 4                     |
| Within 1 mile of a public high school                                       | 3                           | 3                       | 3                     |
| Within 1 mile of medical clinic or hospital                                 | 2                           | 2                       | 2                     |
| Within 1 mile of a pharmacy   | 1                           | 1                       | 1                     |
| <b>Service Amenities</b>  | <b>10</b>                   | <b>10</b>               | <b>10</b>             |
| <b>LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES</b>                          |                             |                         |                       |
| Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction   | 7                           | 7                       | 7                     |
| Health & wellness services and programs, minimum 60 hrs per 100 bdrms       | 3                           | 3                       | 3                     |
| <b>Sustainable Building Methods</b>   | <b>5</b>                    | <b>5</b>                | <b>5</b>              |
| <b>REHABILITATION</b>   |                             |                         |                       |
| Rehabilitate to improve energy efficiency (change in HERS II rating): 15.0% | 3                           | 3                       | 3                     |
| Additional rehab measures: Photovoltaic/solar                               | 2                           | 2                       | 2                     |
| <b>Lowest Income</b>  | <b>52</b>                   | <b>52</b>               | <b>52</b>             |
| Basic Targeting   | 50                          | 50                      | 50                    |
| Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less       | 2                           | 2                       | 2                     |
| <b>Readiness to Proceed</b>   | <b>10</b>                   | <b>10</b>               | <b>10</b>             |
| <b>Miscellaneous Federal and State Policies</b>                             | <b>2</b>                    | <b>2</b>                | <b>2</b>              |
| State Credit Substitution   | 2                           | 2                       | 2                     |
| <b>Total Points</b>   | <b>113</b>                  | <b>113</b>              | <b>113</b>            |

**Please Note:** If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**