

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2020 First Round

June 17, 2020

La Prensa Libre Apartments 9%, located at 200 East Washington Boulevard in Los Angeles, requested and is being recommended for a reservation of \$2,367,135 in annual federal tax credits to finance the new construction of 41 units of housing serving large families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by AMCAL Enterprises, Inc. and will be located in Senate District 30 and Assembly District 59.

Project Number CA-20-058

Project Name La Prensa Libre Apartments 9%

Site Address: 200 East Washington Boulevard
Los Angeles, CA 90015 County: Los Angeles

Census Tract: 2240.20

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,367,135	\$0
Recommended:	\$2,367,135	\$0

Applicant Information

Applicant: AMCAL La Prensa Libre 9%, L.P.
Contact: Arjun Nagarkatti
Address: 30141 Agoura Road, Suite 100
Agoura Hills, CA 91301
Phone: 818-706-0694
Email: apratt@amcalhousing.com

General Partner(s) / Principal Owner(s): CRCDC, LLC
AMCAL Multi-Housing, Inc.
General Partner Type: Joint Venture
Parent Company(ies): Coalition of Responsible Community Development
AMCAL Enterprises, Inc.
Developer: AMCAL Enterprises, Inc.
Investor/Consultant: Hudson Housing Capital
Management Agent(s): FPI Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 42
No. & % of Tax Credit Units: 41 100%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: N/A

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: City of Los Angeles
TCAC Project Analyst: Carmen Doonan

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 13	30%
At or Below 50% AMI: 5	10%
At or Below 60% AMI: 23	50%

Unit Mix

9 1-Bedroom Units
21 2-Bedroom Units
12 3-Bedroom Units
<u>42 Total Units</u>

<u>Unit Type & Number</u>	<u>2019 Rents Targeted % of Area Median Income</u>	<u>2019 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 1 Bedroom	30%	30%	\$587
1 1 Bedroom	50%	50%	\$979
6 1 Bedroom	60%	60%	\$1,175
8 2 Bedrooms	30%	30%	\$705
3 2 Bedrooms	50%	50%	\$1,175
9 2 Bedrooms	60%	60%	\$1,410
3 3 Bedrooms	30%	30%	\$814
1 3 Bedrooms	50%	50%	\$1,357
8 3 Bedrooms	60%	60%	\$1,629
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$6,060,646
Construction Costs	\$13,830,975
Rehabilitation Costs	\$0
Construction Contingency	\$921,857
Relocation	\$0
Architectural/Engineering	\$1,005,808
Const. Interest, Perm. Financing	\$2,022,792
Legal Fees	\$136,940
Reserves	\$123,215
Other Costs	\$3,428,718
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$29,730,951

Residential

Construction Cost Per Square Foot:	\$122
Per Unit Cost:	\$707,880
True Cash Per Unit Cost*:	\$707,723

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Chase Bank	\$21,942,791	Chase Bank	\$4,167,513
HCIDLA - AHTF ¹	\$1,651,192	HCIDLA - AHTF ¹	\$1,651,192
Deferred Fees and Costs	\$1,355,833	Deferred Developer Fee	\$6,573
Tax Credit Equity	\$4,781,135	Tax Credit Equity	\$23,905,673
		TOTAL	\$29,730,951

¹Affordable Housing Trust Fund

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$20,231,925
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$26,301,503
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,367,135
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Hudson Housing Capital
Federal Tax Credit Factor:	\$1.00990

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:	\$20,231,925
Actual Eligible Basis:	\$20,231,925
Unadjusted Threshold Basis Limit:	\$15,495,102
Total Adjusted Threshold Basis Limit:	\$23,268,769

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

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.
- New construction: project shall be more energy efficient than the 2016 Energy Efficiency Standards (California Code of Regulations, Title 24, Part 6) as indicated in TCAC Regulations.
- Irrigate only with reclaimed water, greywater, or rainwater (excepting water used for Community Gardens) or irrigate with reclaimed water, grey water, or rainwater in an amount that annually equals or exceeds 20,000 gallons or 300 gallons per unit, whichever is less.
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all interior floor space other than units (where no VOC adhesives or backing is also used)

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

Initial:	Letter of Support
First:	Large Family
Final:	16.204%

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 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 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.24%. 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

Staff noted a per unit development cost of \$707,723. The applicant noted the site is an urban infill transit oriented development that will have light rail line running adjacent to the site, which results in site constraints. Additionally, the project will have subterranean parking, and underground utility lines that must connect under the light rail line. These factors add to the hard construction costs of the project.

Resyndication and Resyndication Transfer Event: None.

Legal Status

Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency

The Local Reviewing Agency, City of Los Angeles, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

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.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within ¼ mile from public elementary school	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 100 hrs per 100 bdrms	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: LEED	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	113	113	113

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.