CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
September 16, 2020

West Terrace, located at 6576 & 6604 S. West Blvd. in Los Angeles, requested and is being recommended for a reservation of $1,234,236 in annual federal tax credits to finance the new construction of 63 units of housing serving special needs tenants with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by A Community of Friends and will be located in Senate District 30 and Assembly District 62.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-20-619

Project Name West Terrace
Site Address: 6576 & 6604 S West Blvd,
Los Angeles, CA 90043 County: Los Angeles
Census Tract: 2349.02

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,234,236	$0
Recommended:	$1,234,236	$0

Applicant Information

Applicant:	6604 West PSH, L.P
Contact:	Dora Leong Gallo
Address:	3701 Wilshire Blvd., Ste. 700
	Los Angeles CA 90010
Phone:	(213) 480-0809
Email:	dgallo@acof.org

General Partner(s) or Principal Owner(s):	Supportive Housing LLC
General Partner Type:	Nonprofit
Parent Company(ies):	A Community of Friends
Developer:	A Community of Friends
Investor/Consultant:	California Housing Partnership
Management Agent:	A Community of Friends

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	64
No. / % of Low Income Units:	63 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt/HUD Section 8 Project-based Vouchers (89% - 56 units)

Bond Information

Issuer:	City of Los Angeles
Expected Date of Issuance:	January 31, 2021
Credit Enhancement:	N/A

Information

Housing Type:	Special Needs
Geographic Area:	City of Los Angeles
TCAC Project Analyst:	Anthony Zeto

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	56	89%
50% AMI:	7	11%

Unit Mix

14 SRO/Studio Units
29 1-Bedroom Units
20 2-Bedroom Units
1 3-Bedroom Units
64 Total Units

Unit Type & Number		2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
7	SRO/Studio	30%	30%	$591
7	SRO/Studio	50%	50%	$986
29	1 Bedroom	30%	30%	$633
20	2 Bedrooms	30%	30%	$760
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$2,693,171
Construction Costs	$20,294,211
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$2,042,238
Soft Cost Contingency	$127,776
Relocation	$0
Architectural/Engineering	$864,500
Const. Interest, Perm. Financing	$1,810,876
Legal Fees	$115,000
Reserves	$756,390
Other Costs	$1,951,309
Developer Fee	$3,485,362
Commercial Costs	$0
Total	**$34,140,833**

Residential	
Construction Cost Per Square Foot:	$391
Per Unit Cost:	$533,451
True Cash Per Unit Cost*:	$533,451

Construction Financing

Source	Amount
MUFG Union Bank, N.A	$19,087,000
LACDA - NPLH	$7,643,600
HCIDLA - HHH Supportive Hsg.	$2,955,000
Accrued Deferred Interest	$27,074
Cost Deferred Until Conversion	$3,289,042
GP Equity	$85,000
Tax Credit Equity	$1,054,117

Permanent Financing

Source	Amount
MUFG Union Bank, N.A	$6,351,000
LACDA - NPLH	$7,760,000
HCIDLA - HHH Supportive Hsg.	$6,404,900
Accrued Deferred Interest	$27,074
AHP - FHLB	$700,000
GP Equity	$1,070,362
Tax Credit Equity	$11,827,497
TOTAL	**$34,140,833**

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

Determination of Credit Amount(s)	
Requested Eligible Basis:	$29,302,859
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$38,093,717
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	$1,234,236
Approved Developer Fee (in Project Cost & Eligible Basis):	$3,485,362
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	$0.95829

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:	$29,302,859
Actual Eligible Basis:	$29,302,859
Unadjusted Threshold Basis Limit:	$22,597,896
Total Adjusted Threshold Basis Limit:	$67,115,752

Adjustments to Basis Limit

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: 11%
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 176%

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: 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.