

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2020 Second Round

October 14, 2020

Ambrose Apartments, located at 1615 Montana Street in Los Angeles, requested and is being recommended for a reservation of \$1,931,397 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% AMI of area median income (AMI). The project will be developed by Domus Development, LLC and will be located in Senate District 24 and Assembly District 51.

Ambrose Apartments 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-20-118

Project Name Ambrose Apartments

Site Address: 1615 Montana Street

Los Angeles, CA 90026

County: Los Angeles

Census Tract: 1974.200

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,931,397	\$0
Recommended:	\$1,931,397	\$0

Applicant Information

Applicant: Ambrose Apartments, L.P.

Contact: Monique Hastings

Address: 9 Cushing, Suite 200
Irvine, CA 92618

Phone: 949-923-7805

Email: mhastings@newportpartners.com

General Partner(s) / Principal Owner(s):	Domus GP LLC AHCDC Montana LLC The Skid Row Housing Trust
General Partner Type:	Joint Venture
Parent Company(ies):	Domus Development, LLC Affordable Housing CDC, Inc. The Skid Row Housing Trust
Developer:	Domus Development, LLC
Investor/Consultant:	Alliant Capital
Management Agent(s):	Domus Management Company

Project Information

Construction Type: New Construction

Total # Residential Buildings: 1

Total # of Units: 64

No. & % of Tax Credit Units: 63 100%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: HUD Section 8 Project-based Vouchers (63 units - 100%)

Information

Set-Aside: N/A
 Housing Type: Special Needs
 Type of Special Needs: Homeless seniors and populations with mental disabilities
 Average Targeted Affordability of Special Needs/SRO Project Units: 30.00%
 % of Special Need Units: 63 units 100%
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 63	80%

Unit Mix

47 SRO/Studio Units
16 1-Bedroom Units
1 2-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)
47 SRO/Studio	30%	30%	\$591
16 1 Bedroom	30%	30%	\$633
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$7,114,650
Construction Costs	\$18,817,229
Rehabilitation Costs	\$0
Construction Contingency	\$1,023,076
Relocation	\$0
Architectural/Engineering	\$851,000
Const. Interest, Perm. Financing	\$1,262,693
Legal Fees	\$180,000
Reserves	\$685,502
Other Costs	\$2,968,049
Developer Fee	\$1,938,369
Total	\$34,840,568

Residential

Construction Cost Per Square Foot:	\$424
Per Unit Cost:	\$544,384
True Cash Per Unit Cost*:	\$522,123

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank	\$20,904,341	Citibank	\$6,629,081
HCIDLA Prop HHH	\$6,300,000	HCIDLA Prop HHH	\$6,300,000
LACDA - No Place Like Home	\$4,510,000	LACDA - No Place Like Home	\$4,510,000
Deferred Developer Fee	\$1,424,666	Deferred Developer Fee	\$385,878
Tax Credit Equity	\$1,701,561	Tax Credit Equity	\$17,015,609
		TOTAL	\$34,840,568

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,459,968
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$21,459,968
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,931,397
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,938,369
Investor/Consultant:	Alliant Capital
Federal Tax Credit Factor:	\$0.88100

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:	\$21,459,968
Actual Eligible Basis:	\$26,522,578
Unadjusted Threshold Basis Limit:	\$16,992,930
Total Adjusted Threshold Basis Limit:	\$23,703,668

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
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

Initial:	Letter of Support
First:	Special Needs
Final:	61.183%

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 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

Development costs are roughly \$544,384 per unit. The factors affecting this cost includes high real estate costs for the area, high costs for an infill site, payment of prevailing wages, building to GreenPoint Rated standards, and the building being five stories.

This project's annual per unit operating expense is below the TCAC published per unit operating minimums of \$6100. As allowed by TCAC Regulation Section 10327(g)(1), TCAC may approve an annual per unit operating expense of

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.

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

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

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 1/8 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
Special Needs project within 1/2 mile of facility serving tenant population	3	3	3
Within 1/2 mile of medical clinic or hospital	3	3	3
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: GreenPoint Rated Program	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
Miscellaneous Federal and State Policies	2	2	2
Enhanced Accessibility and Visitability	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

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-