

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**December 9, 2020**

Weingart Tower I, located at 555-561 S. Crocker Street in Los Angeles, requested and is being recommended for a reservation of \$3,079,597 in annual federal tax credits to finance the new construction of 133 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 Chelsea Investment Corporation and will be located in Senate District 22 and Assembly District 46.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers & HUD VASH Project-based Vouchers. The project financing includes state funding from the NPLH and AHSC programs of HCD.

**Project Number** CA-20-725

**Project Name** Weingart Tower I  
**Site Address:** 555-561 S. Crocker Street  
 Los Angeles, CA 90013 County: Los Angeles  
**Census Tract:** 2063.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$3,079,597	\$0
Recommended:	\$3,079,597	\$0

**Applicant Information**

**Applicant:** Weingart Tower, LP  
**Contact:** Colleen Edwards  
**Address:** 6339 Paseo Del Lago  
 Carlsbad, CA 92011  
**Phone:** 323-590-0233  
**Email:** cedwards@chesleainvestco.com

**General Partner(s) or Principal Owner(s):** CIC Weingart Tower, LLC  
 WC Towers LLC

**General Partner Type:** Joint Venture

**Parent Company(ies):** Chelsea Investment Corporation  
 Weingart Center Association

**Developer:** Chelsea Investment Corporation

**Investor/Consultant:** The Richman Group

**Management Agent:** Barker Management, Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 134  
 No. / % of Low Income Units: 133 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HUD VASH Project-based Vouchers (40 units - 30%) / HUD Section 8 Project-based Vouchers (93 units - 70%)

**Bond Information**

Issuer: City of Los Angeles  
 Expected Date of Issuance: June 1, 2021

**Information**

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

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 85	64%
35% AMI: 18	14%
40% AMI: 18	14%
50% AMI: 12	9%

**Unit Mix**

106 SRO/Studio Units  
 28 1-Bedroom Units  


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 134 Total Units

<u>Unit Type &amp; Number</u>	<u>2020 Rents Targeted % of Area Median Income</u>	<u>2020 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
18 SRO/Studio	40%	40%	\$788
18 SRO/Studio	35%	35%	\$690
25 SRO/Studio	30%	30%	\$591
12 1 Bedroom	50%	50%	\$1,056
15 1 Bedroom	30%	30%	\$633
45 SRO/Studio	30%	30%	\$591
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,732,297
Construction Costs	\$53,613,385
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,680,669
Soft Cost Contingency	\$347,257
Relocation	\$0
Architectural/Engineering	\$2,180,667
Const. Interest, Perm. Financing	\$5,705,826
Legal Fees	\$381,996
Reserves	\$2,177,362
Other Costs	\$2,875,826
Developer Fee	\$8,799,030
Commercial Costs	\$0
<b>Total</b>	<b>\$80,494,316</b>

**Residential**

Construction Cost Per Square Foot:	\$745
Per Unit Cost:	\$600,704
True Cash Per Unit Cost*:	\$551,457

**Construction Financing**

Source	Amount
Citibank - T.E. Bonds	\$41,230,000
Citibank	\$14,480,204
HCIDLA - Prop HHH Loan	\$14,400,000
City of Los Angeles - Land Loan	\$843,525
AHP	\$1,500,000
Deferrred Costs	\$5,299,745
Tax Credit Equity	\$2,740,842

**Permanent Financing**

Source	Amount
Citibank	\$6,948,251
HCIDLA - Prop HHH Loan	\$16,000,000
City of Los Angeles - Land Loan	\$843,525
HCD - AHSC	\$13,750,000
HCD - NPLH	\$7,391,304
AHP	\$1,500,000
Deferred Developer Fee	\$6,599,030
Solar Tax Credit Equity	\$53,790
Tax Credit Equity	\$27,408,415
<b>TOTAL</b>	<b>\$80,494,316</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$73,122,156
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$95,058,803
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$3,079,597
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,799,030
Investor/Consultant:	The Richman Group
Federal Tax Credit Factor:	\$0.89000

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:	\$73,122,156
Actual Eligible Basis:	\$73,122,156
Unadjusted Threshold Basis Limit:	\$40,565,808
Total Adjusted Threshold Basis Limit:	\$131,420,681

**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

- Project subject to a project labor agreement or Project will use skilled and trained workforce performing within an apprenticeable occupation.

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 50% or more of annual tenant electricity use as indicated in TCAC Regulations.

Local Development Impact Fees

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: 22%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 154%

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

The project consists of one 19-story building that is being bifurcated into two LIHTC projects. Weingart Tower I (CA-20-725) will consist of 134 residential units on floors 12-18 and site amenities on floors 1, 2 and 19. Weingart Tower I will be developed concurrently with Weingart Tower II (CA-20-726), which will consist of 144 units on floors 3-11. The two projects are being developed as multiple simultaneous phases using the same credit type pursuant to TCAC Regulation Section 10327(c)(2)(C). The developer fees for Weingart Tower I and Weingart Tower II comply with the requirements for simultaneous phases.

**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.