

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
April 28, 2021**

Anaheim & Walnut, located at 1500 East Anaheim Street in Long Beach, requested and is being recommended for a reservation of \$2,485,263 in annual federal tax credits to finance the new construction of 87 units of housing serving tenants with rents affordable to households earning 20-60% of area median income (AMI). The project will be developed by Bridge Housing Corporation and will be located in Senate District 33 and Assembly District 70.

Anaheim & Walnut will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the MHP program of HCD.

Project Number CA-21-437

Project Name Anaheim & Walnut
Site Address: 1500 East Anaheim St.
Long Beach, CA 90813 County: Los Angeles
Census Tract: 5764.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,485,263	\$0
Recommended:	\$2,485,263	\$0

Applicant Information

Applicant: Anaheim & Walnut Housing LP
Contact: Jeff Williams
Address: 600 California Street, Suite 900
San Francisco, CA 94108
Phone: 619.814.1281
Email: jwilliams@bridgehousing.com

General Partner(s) or Principal Owner(s): Anaheim & Walnut GP LLC
General Partner Type: Nonprofit
Parent Company(ies): BRIDGE Housing Corporation
Developer: BRIDGE Housing Corporation
Investor/Consultant: California Housing Partnership Corporation
Management Agent: BRIDGE Property Management Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 88
No. / % of Low Income Units: 87 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (40 units - 46%)

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: June 15, 2021

Information

Housing Type: Non-Targeted
 Geographic Area: Balance of Los Angeles County
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting		Percentage of
Number of Units		Affordable Units
20% AMI:	20	23%
30% AMI:	20	23%
40% AMI:	27	31%
50% AMI:	16	18%
60% AMI:	4	5%

Unit Mix

32 1-Bedroom Units
32 2-Bedroom Units
24 3-Bedroom Units
<hr/> 88 Total Units

Unit Type & Number	2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
20 1 Bedroom	20%	20%	\$422
7 1 Bedroom	40%	40%	\$845
5 1 Bedroom	50%	50%	\$1,056
12 2 Bedrooms	30%	30%	\$760
11 2 Bedrooms	40%	40%	\$1,014
6 2 Bedrooms	50%	50%	\$1,267
2 2 Bedrooms	60%	60%	\$1,519
8 3 Bedrooms	30%	30%	\$878
9 3 Bedrooms	40%	40%	\$1,171
5 3 Bedrooms	50%	50%	\$1,464
2 3 Bedrooms	60%	60%	\$1,757
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,875,000
Construction Costs	\$34,200,406
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,420,041
Soft Cost Contingency	\$226,795
Relocation	\$0
Architectural/Engineering	\$1,900,850
Const. Interest, Perm. Financing	\$3,649,692
Legal Fees	\$222,500
Reserves	\$1,403,035
Other Costs	\$3,720,746
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$53,119,065

Residential

Construction Cost Per Square Foot:	\$341
Per Unit Cost:	\$603,626
True Cash Per Unit Cost*:	\$602,713

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
US Bank - Tax Exempt	\$27,341,062	US Bank	\$4,030,000
US Bank - Taxable Tail	\$12,640,776	HCD - MHP Loan	\$20,000,000
LBCIC (City of Long Beach)	\$4,000,000	LBCIC (City of Long Beach)	\$3,210,048
Los Angeles County Development	\$5,150,000	Los Angeles County Development	\$4,173,063
Costs Deferred Until Conversion	\$1,962,491	Deferred Developer Fee	\$80,326
Deferred Developer Fee	\$80,326	Tax Credit Equity	\$21,625,628
Tax Credit Equity	\$1,944,410	TOTAL	\$53,119,065

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$47,793,521
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$62,131,577
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,485,263
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.87015

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:	\$47,793,521
Actual Eligible Basis:	\$47,793,521
Unadjusted Threshold Basis Limit:	\$40,625,696
Total Adjusted Threshold Basis Limit:	\$113,345,692

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

95% of Upper Floor Units are Elevator-Serviced

Type III Construction

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 49%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 90%

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 4.00% 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 project's cost per unit is currently estimated at \$602,713 per unit. The applicant noted the cost is attributed to it location in an infill area, the requirement to pay prevailing wages, and City parking requirements.

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.