CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 28, 2021

803 E. 5th Street, located at 801-813 E. 5th Street in Los Angeles, requested and is being recommended for a reservation of $2,028,729 in annual federal tax credits to finance the new construction of 94 units of housing serving special needs tenants with rents affordable to households earning 30% of area median income (AMI). The project will be developed by Coalition for Responsible Community Development and will be located in Senate District 30 and Assembly District 53.

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

Project Number CA-21-497

Project Name 803 E. 5th Street
Site Address: 801-813 E. 5th Street
Los Angeles, CA 90013 County: Los Angeles
Census Tract: 2062.00

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,028,729	$0
Recommended:	$2,028,729	$0

Applicant Information
Applicant: CRCD 5th Street LP
Contact: Alejandro Martinez
Address: 3101 S. Grand Avenue
Los Angeles, CA 90007
Phone: 213-743-6193
Email: amartinez@coalitionrcd.org

General Partner(s) or Principal Owner(s): CRCD LLC
LBC Development, LLC
Amity Project 5th Street LLC
CRCD Partners LLC
General Partner Type: Joint Venture
Parent Company(ies): Coalition for Responsible Community Development
IB Partners LLC
EPIDAURUS
Coalition for Responsible Community Development
Developer: Coalition for Responsible Community Development
Investor/Consultant: Boston Financial Investment Management
Management Agent: John Stewart Co.

Project Information

Construction Type:	Adaptive Reuse	
Total # Residential Buildings:	1	
Total # of Units:	95	
No. / % of Low Income Units:	94	100.00%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (47 units - 50%) / HUD VASH Contract (47 units - 50%)	

Bond Information

Issuer:	City of Los Angeles
Expected Date of Issuance:	October 28, 2021

Information

Housing Type:	Special Needs
Geographic Area:	City of Los Angeles
TCAC Project Analyst:	Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	94	100%

Unit Mix

94 SRO/Studio Units
1 2-Bedroom Units
95 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
47	SRO/Studio	30%	30%	$591
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$15,614,265
Construction Costs	$27,508,084
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$2,956,646
Soft Cost Contingency	$300,000
Relocation	$0
Architectural/Engineering	$929,000
Const. Interest, Perm. Financing	$3,127,800
Legal Fees	$160,000
Reserves	$1,171,348
Other Costs	$706,737
Developer Fee	$5,088,785
Commercial Costs	$0
Total	**$57,562,665**

Residential	
Construction Cost Per Square Foot:	$573
Per Unit Cost:	$605,923
True Cash Per Unit Cost*:	$605,923

Construction Financing

Source	Amount
Citibank	$28,000,000
LACDA - NPLH	$14,400,000
HCIDLA - Measure HHH Bond	$6,800,000
Deferred Costs & Fees	$5,654,583
Tax Credit Equity	$2,708,082

Permanent Financing

Source	Amount
Citibank	$9,100,000
LACDA - NPLH	$14,500,000
HCIDLA - Measure HHH Bond	$13,320,000
GP Equity	$2,588,785
Tax Credit Equity	$18,053,880
TOTAL	**$57,562,665**

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

Determination of Credit Amount(s)	
Requested Eligible Basis:	$39,014,015
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$50,718,220
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	$2,028,729
Approved Developer Fee (in Project Cost & Eligible Basis):	$5,088,785
Investor/Consultant:	Boston Financial Investment Management
Federal Tax Credit Factor:	$0.88991

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:	$39,014,015
Actual Eligible Basis:	$39,014,015
Unadjusted Threshold Basis Limit:	$31,220,366
Total Adjusted Threshold Basis Limit:	$105,212,633

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.

100% of the Low Income Units for Special Needs Population.

95% of Upper Floor Units are Elevator-Serviced.

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 200%

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

Development cost is over $605,000 per unit. A factor driving this is the escalating cost of construction labor in Los Angeles due to skilled labor shortages and requirements to pay prevailing wages. Other factors include a requirement for extensive seismic retrofit work on the existing buildings, construction of office space for the planned supportive services, and a requirement to fund an NPLH reserve.

This project is the adaptive reuse of three existing adjacent commercial and historical buildings into 94 studio LIHTC units and 1 two-bedroom manager unit. The ground floor will include three commercial spaces in addition to common areas for tenant use that will include meeting rooms, offices, kitchen and restrooms.

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.