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

NoHo 5050 Apartments, located at 5050 Bakman Avenue in Los Angeles, requested and is being recommended for a reservation of $1,045,432 in annual federal tax credits and $1,735,835 in total state tax credits to finance the new construction of 39 units of housing serving special needs tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Decro Corporation & Daylight Community Development, LLC and will be located in Senate District 46 and Assembly District 18.

The project 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-21-532
Project Name	NoHo 5050 Apartments
Site Address:	5050 Bakman Avenue
	Los Angeles, CA 91601 County: Los Angeles
Census Tract:	1254.01

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$1,045,432	$1,735,835
Recommended:	$1,045,432	$1,735,835

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant:	NoHo 5050, L.P.
Contact:	Greg Comanor
Address:	3431 Wesley Street, Suite F
	Culver City, CA 90232
Phone:	818-400-1510
Email:	greg@daylight.la

General Partner(s) or Principal Owner(s):	Decro NoHo 5050, LLC
	NoHo 5050 PSH, LLC
	Daylight Community Development, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Decro Corporation
	Downtown Women's Center
Developer:	Decro Corporation
	Daylight Community Development, LLC
Investor/Consultant:	Hudson Housing Capital
Management Agent:	FPI Management

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	40
No. / % of Low Income Units:	39 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt/HUD Section 8 Project-based Vouchers (32 Units - 82%)

Bond Information

Issuer:	City of Los Angeles
Expected Date of Issuance:	October 15, 2021

Information

Housing Type:	Special Needs
Geographic Area:	City of Los Angeles
TCAC Project Analyst:	Sarah Gullikson

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	32	82%
60% AMI:	7	18%

Unit Mix

4	SRO/Studio Units
28	1-Bedroom Units
8	2-Bedroom Units
40	Total Units

Unit Type & Number		2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
4	SRO/Studio	30%	20%	$391
28	1 Bedroom	30%	21%	$447
7	2 Bedrooms	60%	40%	$1,006
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$2,284,890
Construction Costs	$14,117,472
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$845,040
Soft Cost Contingency	$113,828
Relocation	$395,000
Architectural/Engineering	$694,386
Const. Interest, Perm. Financing	$1,277,171
Legal Fees	$225,000
Reserves	$356,640
Other Costs	$978,267
Developer Fee	$2,622,321
Commercial Costs	$0
Total	**$23,910,015**

Residential

Construction Cost Per Square Foot:	$550
Per Unit Cost:	$597,750
True Cash Per Unit Cost*:	$594,692

Construction Financing

Source	Amount
ATAX - Tax Exempt	$11,250,000
ATAX	$1,642,196
HCIDLA - HHH	$3,364,832
LACDA - NPLH	$4,304,450
Deferred Costs	$482,140
Developer Fee Deferred	$1,250,000
General Partner Contribution	$122,321
Tax Credit Equity	$1,494,076

Permanent Financing

Source	Amount
ATAX	$5,551,184
HCIDLA - HHH	$3,364,832
LACDA - NPLH	$4,370,000
General Partner Contribution	$122,321
Tax Credit Equity	$10,501,678
TOTAL	**$23,910,015**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$20,104,459
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$26,135,797
Applicable Rate:	4.00%
Maximum Annual Federal Credit:	$1,045,432
Total Maximum Annual Federal Credit:	$1,045,432
Total State Credit:	$1,735,835
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,622,321
Investor/Consultant:	Hudson Housing Capital
Federal Tax Credit Factor:	$0.88000
State Tax Credit Factor:	$0.75000

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:	$20,104,459
Actual Eligible Basis:	$20,104,459
Unadjusted Threshold Basis Limit:	$15,516,864
Total Adjusted Threshold Basis Limit:	$45,748,618

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

Local Development Impact Fees

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: 164%

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

Staff noted a per unit development cost of $594,692. The applicant noted that the high per unit cost is attributed to commercial prevailing wage, which is estimated to be 13% more expensive than a traditional Residential Prevailing Wage, the high cost region, and the cost of building on a narrow infill site.

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.