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

The Quincy, located at 2652 & 2662 West Pico Blvd. in Los Angeles, requested and is being recommended for a reservation of $1,024,325 in annual federal tax credits to finance the new construction of 53 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 Wakeland Housing & Development and will be located in Senate District 24 and Assembly District 53.

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

Project Number CA-21-535

Project Name The Quincy
Site Address: 2652 & 2662 West Pico Blvd.
Los Angeles, CA 90006 County: Los Angeles
Census Tract: 2212.20

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,024,325	$0
Recommended:	$1,024,325	$0

Applicant Information
Applicant: Wakeland Quincy LP
Contact: Dani McMillin
Address: 1230 Columbia Street, #950
San Diego, CA 92101
Phone: (607) 227-8898
Email: dmcmillin@wakelandhdc.com

General Partner(s) or Principal Owner(s): Wakeland Quincy LLC
General Partner Type: Nonprofit
Parent Company(ies): Wakeland Housing and Development Corporation
Developer: Wakeland Housing & Development
Investor/Consultant: California Housing Partnership
Management Agent: ConAm Management Corporation

Project Information
Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 54
No. / % of Low Income Units: 53 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (53 units - 100%)

Bond Information

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

Information

Housing Type:	Special Needs
Geographic Area:	City of Los Angeles
TCAC Project Analyst:	Brett Andersen

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	53	100%

Unit Mix

53	SRO/Studio Units
1	2-Bedroom Units
54	Total Units

Unit Type & Number		2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
53	SRO/Studio	30%	30%	$591
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$5,109,212
Construction Costs	$15,923,330
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$1,621,504
Soft Cost Contingency	$187,249
Relocation	$255,000
Architectural/Engineering	$1,478,595
Const. Interest, Perm. Financing	$2,030,035
Legal Fees	$150,000
Reserves	$941,464
Other Costs	$2,242,888
Developer Fee	$3,340,190
Commercial Costs	$0
Total	**$33,279,467**

Residential

Construction Cost Per Square Foot:	$472
Per Unit Cost:	$616,286
True Cash Per Unit Cost*:	$616,286

Construction Financing

Source	Amount
Wells Fargo Tax-Exempt Constructi	$16,844,884
LACDA No Place Like Home	$11,660,000
HCD IIG (GP Loan)	$1,970,086
Costs Deferred Until Conversion	$2,082,604
Tax Credit Equity	$721,893

Permanent Financing

Source	Amount
CCRC Permanent Loan	$4,150,000
LACDA No Place Like Home	$11,660,000
HCIDLA HHH	$3,550,000
HCD IIG (GP Loan)	$3,530,352
AHP	$530,000
Developer Fee Contribution	$840,190
Tax Credit Equity	$9,018,925
TOTAL	**$33,279,467**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$25,608,120
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	$25,608,120
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	$1,024,325
Approved Developer Fee (in Project Cost & Eligible Basis):	$3,340,190
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	$0.88047

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:	$25,608,120
Actual Eligible Basis:	$25,608,120
Unadjusted Threshold Basis Limit:	$17,801,517
Total Adjusted Threshold Basis Limit:	$59,402,989

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
Seismic Upgrading
Environmental Mitigation
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: 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 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.

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.