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

The Wilcox, located at 4904-4926 Santa Monica Boulevard and 1040 N. Kenmore Avenue in Los Angeles, requested and is being recommended for a reservation of $1,501,454 in annual federal tax credits and $454,601 in total state tax credits to finance the new construction of 61 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 Corporation and will be located in Senate District 24 and Assembly District 43.

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 MHP program of HCD.

Project Number CA-21-536

Project Name The Wilcox
Site Address: 4904-4926 Santa Monica Boulevard and 1040 N. Kenmore Avenue
Los Angeles, CA 90029 County: Los Angeles
Census Tract: 60371915.00

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$1,501,454	$454,601
Recommended:	$1,501,454	$454,601

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant:	Wakeland Wilcox LP
Contact:	Taylor Holland
Address:	1230 Columbia Street, #950 San Diego, CA 92101
Phone:	(619) 994-7843
Email:	tholland@wakelandhdc.com

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

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	62
No. / % of Low Income Units:	61 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt/HUD Section 8 Project-based Vouchers (61 units-100%)

Bond Information

Issuer:	City of Los Angeles
Expected Date of Issuance:	October 1, 2021
Credit Enhancement:	None

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:	61	100%

Unit Mix

61 SRO/Studio Units
1 2-Bedroom Units
62 Total Units

Unit Type & Number		2021 Rents Targeted % of Area Median Income	2021 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
61	SRO/Studio	30%	30%	$591
1	2 Bedrooms	Manager's Unit	Manager's Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$7,896,666
Construction Costs	$17,038,557
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$1,733,599
Soft Cost Contingency	$472,243
Relocation	$0
Architectural/Engineering	$1,397,358
Const. Interest, Perm. Financing	$3,428,078
Legal Fees	$135,000
Reserves	$853,417
Other Costs	$2,620,937
Developer Fee	$3,766,189
Commercial Costs	$0
Total	**$39,342,044**

Residential	
Construction Cost Per Square Foot:	$386
Per Unit Cost:	$634,549
True Cash Per Unit Cost*:	$634,549

Construction Financing

Source	Amount
Wells Fargo Tax-Exempt Loan	$20,034,276
Wells Fargo Taxable Loan	$10,744,115
HCIDLA - HHH Loan	$5,225,000
HCIDLA - HHH Accrued Interest	$71,469
Deferred Costs	$1,998,129
Tax Credit Equity	$1,269,055

Permanent Financing

Source	Amount
CCRC	$3,622,000
HCD - MHP	$15,251,836
HCIDLA - HHH Loan	$5,225,000
HCIDLA - HHH Accrued Interest	$71,469
GP Equity	$1,266,189
Tax Credit Equity	$13,905,550
TOTAL	**$39,342,044**

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

Determination of Credit Amount(s)	
Requested Eligible Basis:	$28,874,117
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$37,536,352
Applicable Rate:	4.00%
Maximum Annual Federal Credit:	$1,501,454
Total State Credit:	$454,601
Approved Developer Fee (in Project Cost & Eligible Basis):	$3,766,189
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$0.90101
State Tax Credit Factor:	$0.83000

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:	$28,874,117
Actual Eligible Basis:	$28,874,117
Unadjusted Threshold Basis Limit:	$20,419,829
Total Adjusted Threshold Basis Limit:	$68,087,980

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.
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 4.00% of the qualified basis. The applicant's estimate of contractor profit, overhead and general requirement costs exceeds TCAC limit of 14%. The applicant is cautioned that at final review, prior to the issuance of the IRS 8609 forms, any costs or eligible basis that exceeds the limits will not be allowed. 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 exceeds $634,000 per unit. A factor driving this is the escalating cost of construction labor and building materials in the Los Angeles region. Other contributing factors include the project's acquisition cost, special construction methods necessary for an urban infill location, and a requirement to maintain a significant capitalized transition reserve.

The proposed rent does not include a utility allowance. The owner will pay for all utilities.

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.