

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

August 11, 2021

Lincoln Apartments, located at 2471 Lincoln Boulevard in Los Angeles, requested and is being recommended for a reservation of \$1,123,278 in annual federal tax credits to finance the new construction of 39 units of housing serving special needs tenants with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by Venice Community Housing Corporation and will be located in Senate District 26 and Assembly District 62.

Lincoln Apartments 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 TOD programs of HCD.

Project Number CA-21-545

Project Name Lincoln Apartments
Site Address: 2471 Lincoln Boulevard
Los Angeles, CA 90291 County: Los Angeles
Census Tract: 2738.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,123,278	\$0
Recommended:	\$1,123,278	\$0

Applicant Information

Applicant: 2471 Lincoln, LP
Contact: Rebecca Dennison
Address: 200 Lincoln Boulevard
Venice, CA 90291
Phone: 310-573-8399
Email: bdennison@vchcorp.org

General Partner(s) or Principal Owner(s): 2471 Lincoln, LLC
General Partner Type: Nonprofit
Parent Company(ies): 2471 Lincoln, LLC
Developer: Venice Community Housing Corporation
Bond Issuer: HCIDLA
Investor/Consultant: Nancy Lewis Associates, Inc.
Management Agent: Venice Community Housing Corporation

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 (39 units - 100%)

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:	30	77%
50% AMI:	9	23%

Unit Mix

28 SRO/Studio Units
9 1-Bedroom Units
3 2-Bedroom Units
40 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
26 SRO/Studio	30%	\$621
4 1 Bedroom	30%	\$664
2 SRO/Studio	50%	\$1,035
5 1 Bedroom	50%	\$1,108
2 2 Bedrooms	50%	\$1,330
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,245,724
Construction Costs	\$13,783,246
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,378,675
Soft Cost Contingency	\$265,928
Relocation	\$0
Architectural/Engineering	\$943,990
Const. Interest, Perm. Financing	\$1,654,862
Legal Fees	\$235,146
Reserves	\$1,220,584
Other Costs	\$816,298
Developer Fee	\$2,817,870
Commercial Costs	\$805,381
Total	\$28,167,704

Residential

Construction Cost Per Square Foot:	\$476
Per Unit Cost:	\$684,058
True Cash Per Unit Cost*:	\$676,773

Construction Financing

Source	Amount
Citibank - Tax Exempt Loan	\$13,855,452
Citibank - Taxable Loan	\$2,426,412
HCIDLA_HHH	\$4,914,000
LACDA-AHTF	\$1,950,000
LACDA NPLH	\$1,462,500
Deferred Costs	\$1,579,444
Tax Credit Equity	\$1,979,897

Permanent Financing

Source	Amount
Citibank	\$2,033,717
HCD TOD	\$6,656,633
HHH	\$5,460,000
LACDA-AHTF	\$2,000,000
LACDA NPLH	\$1,500,000
GP Capital Contribution	\$317,870
Deferred Developer Fee	\$300,000
Tax Credit Equity	\$9,899,484
TOTAL	\$28,167,704

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,603,669
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$28,084,769
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,123,278
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,817,870
Investor/Consultant:	Nancy Lewis Associates, Inc.
Federal Tax Credit Factor:	\$0.88130

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.

Significant Information / Additional Conditions

Development costs are approximately \$648,058 per unit. The applicant noted the cost per unit is attributed to the size of the site, concrete podium deck and challenging logistics such as staging, construction parking, and encroachment permits.

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.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

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.