CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 11, 2021

Little Tokyo Towers, located at 455 E. 3rd Street in Los Angeles, requested and is being recommended for a reservation of $4,694,055 in annual federal tax credits to finance the acquisition and rehabilitation of 289 units of housing with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by RAHD Group and is located in Senate District 24 and Assembly District 53.

The project is currently at-risk, but is being recommended for a reservation of tax credits that will be preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-21-642

Project Name Little Tokyo Towers

Site Address: 455 E. 3rd Street
Los Angeles, CA 90013 County: Los Angeles

Census Tract: 2062.00

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$4,694,055	$0
Recommended:	$4,694,055	$0

Applicant Information

Applicant:	Little Tokyo Towers Apartments, LP
Contact:	Bob Kawahara
Address:	455 E. 3rd Street Los Angeles, CA 90013
Phone:	(213) 200-0184
Email:	rmkjudex@gmail.com

General Partner(s) or Principal Owner(s):	Little Tokyo Towers MGP, LLC RCC 455 LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Little Tokyo Towers, Inc. Riverside Charitable Corporation
Developer:	RAHD Group
Bond Issuer:	CMFA
Investor/Consultant:	City Real Estate Advisors
Management Agent:	Royal Property Management Group

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	1
Total # of Units:	301
No. / % of Low Income Units:	298 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (180 units - 60%)

Information

Housing Type:	At-Risk
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:	30	10%
50% AMI:	30	10%
60% AMI:	238	80%

Unit Mix

300	1-Bedroom Units
1	2-Bedroom Units
301	Total Units

Unit Type & Number		2020 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
30	1 Bedroom	30%	$587
30	1 Bedroom	50%	$587
19	1 Bedroom	60%	$587
39	1 Bedroom	60%	$1,091
180	1 Bedroom	60%	$1,330
2	1 Bedroom	Manager’s Unit	$0
1	2 Bedrooms	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$36,500,000
Construction Costs	$0
Rehabilitation Costs	$43,077,385
Construction Hard Cost Contingency	$4,424,602
Soft Cost Contingency	$300,000
Relocation	$1,750,000
Architectural/Engineering	$765,955
Const. Interest, Perm. Financing	$2,211,532
Legal Fees	$465,000
Reserves	$4,414,000
Other Costs	$2,260,985
Developer Fee	$8,112,177
Commercial Costs	$0
Total	**$104,281,636**

Residential

Construction Cost Per Square Foot:	$235
Per Unit Cost:	$346,451
True Cash Per Unit Cost*:	$328,892

Construction Financing

Source	Amount
Citibank TE Bond	$50,000,000
Citibank Recycled TE Bond	$18,000,000
Deferred Developer Fee	$7,531,636
Tax Credit Equity	$28,750,000

Permanent Financing

Source	Amount
Citibank TE Bond	$38,750,000
Citibank Recycled TE Bond	$18,000,000
Deferred Developer Fee	$5,285,143
Tax Credit Equity	$42,246,493
TOTAL	**$104,281,636**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$62,193,360
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$36,500,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$80,851,368
Qualified Basis (Acquisition):	$36,500,000
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$3,234,055
Maximum Annual Federal Credit, Acquisition:	$1,460,000
Total Maximum Annual Federal Credit:	$4,694,055
Approved Developer Fee (in Project Cost & Eligible Basis):	$8,112,177
Investor/Consultant:	City Real Estate Advisors
Federal Tax Credit Factor:	$0.90000

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

The proposed rent does not include a 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.

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.