

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 Second Round

October 20, 2021

The Cove (CVC Phase VI), located at 2121 W. Williams Street in Long Beach, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$4,489,810 in total state tax credits to finance the new construction of 89 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 Century Affordable Development, Inc. and will be located in Senate District 35 and Assembly District 70.

The project will be receiving rental assistance in the form of VASH Project-based Vouchers. The project financing includes state funding from HCD's NPLH program.

Project Number CA-21-084

Project Name The Cove (CVC Phase VI)
Site Address: 2121 W. Williams Street
Long Beach, CA 90810 County: Los Angeles
Census Tract: 5728.000

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,500,000	\$4,489,810
Recommended:	\$2,500,000	\$4,489,810

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

Applicant Information

Applicant: Century Villages at Cabrillo, Inc.
Contact: Chris Larkin
Address: 1000 Corporate Pointe
Culver City, CA 90230
Phone: (310) 642-2000
Email: clarkin@century.org

General Partner(s) / Principal Owner(s): CVC Phase VI, LLC
General Partner Type: Nonprofit
Parent Company(ies): Century Villages at Cabrillo, Inc.
Developer: Century Affordable Development, Inc.
Investor/Consultant: Wells Fargo
Management Agent(s): Century Villages Property Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 90
No. & % of Tax Credit Units: 89 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: VASH Project-based Vouchers (60 units - 67%) / HOME

Information

Set-Aside: Nonprofit (homeless assistance)
Housing Type: Special Needs At least 90% SRO units
Type of Special Needs: Homeless Veterans
Average Targeted Affordability of Special Needs/SRO Project Units: 40.00%
% of Special Need Units: 60 units 67.00%
Geographic Area: Balance of Los Angeles County
TCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 53	60%
At or Below 50% AMI: 19	21%
At or Below 60% AMI: 17	19%

Unit Mix

89 SRO/Studio Units
1 2-Bedroom Units
90 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
53 SRO/Studio	30%	\$621
7 SRO/Studio	50%	\$1,035
12 SRO/Studio	50%	\$1,035
17 SRO/Studio	60%	\$1,242
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$7,353,059
Construction Costs	\$29,792,011
Rehabilitation Costs	\$0
Construction Contingency	\$1,699,210
Relocation	\$49,500
Architectural/Engineering	\$1,418,425
Const. Interest, Perm. Financing	\$2,637,601
Legal Fees	\$142,500
Reserves	\$537,210
Other Costs	\$1,663,815
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$47,493,331

Residential

Construction Cost Per Square Foot:	\$504
Per Unit Cost:	\$527,704
True Cash Per Unit Cost*:	\$466,813

Construction Financing

Source	Amount
Wells Fargo Bank	\$26,391,164
LBCIC** - HOME	\$4,000,000
LBCIC - Accrued Interest	\$170,253
LACDA - AHTF	\$4,925,000
LACDA - Accrued Interest	\$212,816
LACDA - NPLH	\$2,075,000
City of Long Beach - Fee Waivers	\$280,139
Land Donation	\$5,000,000
GP Equity	\$100
Deferred Costs	\$1,687,407
Deferred Developer Fee	\$200,000
Tax Credit Equity	\$2,551,452

Permanent Financing

Source	Amount
CCRC	\$3,823,000
LBCIC** - HOME	\$4,000,000
LBCIC - Accrued Interest	\$170,253
LACDA - AHTF	\$5,000,000
LACDA - Accrued Interest	\$212,816
LACDA - NPLH	\$2,100,000
City of Long Beach - Fee Waivers	\$280,139
Land Donation	\$5,000,000
GP Equity	\$100
Deferred Developer Fee	\$200,000
Tax Credit Equity	\$26,707,023
TOTAL	\$47,493,331

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

** Long Beach Community Investment Company (LBCIC)

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,367,522
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,779
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$4,489,810
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Wells Fargo
Federal Tax Credit Factor:	\$0.92461
State Tax Credit Factor:	\$0.80000

The “as if vacant” land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	Special Needs
Final:	78.270%

Significant Information / Additional Conditions

The current legal description is part of a larger site and the project site’s parcel (legal description and APN) have not yet been finalized. The legal description and APN for CA-21-084 must be completed as part of the Readiness to Proceed 180/194-Day package.

Staff noted \$60,697 described as common area charges included as an operating expense in the project's TCAC application. In compliance with TCAC regulations section 10327(g)(1), staff characterized this as a non-operating expense in the TCAC application.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, the City of Long Beach, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Special Needs project within ½ mile of facility serving tenant population	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
SPECIAL NEEDS HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.