

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2021 Second Round**

**October 20, 2021**

The Laurel, located at 1413 Michigan Avenue in Santa Monica, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits to finance the new construction of 57 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 EAH, Inc. and will be located in Senate District 26 and Assembly District 50.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

**Project Number** CA-21-115

**Project Name** The Laurel  
Site Address: 1413 Michigan Avenue  
Santa Monica, CA 90404 County: Los Angeles  
Census Tract: 7018.020

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$0

**Applicant Information**

Applicant: EAH Inc.  
Contact: Welton Jordan  
Address: 22 Pelican Way  
San Rafael , CA 94901  
Phone: 415-295-8876  
Email: welton.jordan@eahhousing.org

General Partner(s) / Principal Owner(s): Laurel EAH NC, LLC  
General Partner Type: Nonprofit  
Parent Company(ies): EAH Inc.  
Developer: EAH Inc.  
Investor/Consultant: California Housing Partnership  
Management Agent(s): EAH Inc.

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 58  
No. & % of Tax Credit Units: 57 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: HUD Section 8 Project-based Vouchers (57 units - 100%)

**Information**

Set-Aside: N/A  
Housing Type: Special Needs  
Type of Special Needs: Homeless/formerly homeless  
Average Targeted Affordability of Special Needs/SRO Project Unit: 30.00%  
% of Special Need Units: 57 units 100.00%  
Geographic Area: Balance of Los Angeles County  
TCAC Project Analyst: Sarah Gullikson

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 57	80%

**Unit Mix**

<u>57 SRO/Studio Units</u>
58 Total Units

<u>Unit Type &amp; Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
57 SRO/Studio	30%	\$620
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$7,375,514
Construction Costs	\$20,444,521
Rehabilitation Costs	\$0
Construction Contingency	\$2,000,803
Relocation	\$0
Architectural/Engineering	\$1,154,000
Const. Interest, Perm. Financing	\$1,524,438
Legal Fees	\$75,000
Reserves	\$989,974
Other Costs	\$915,242
Developer Fee	\$1,123,982
Commercial Costs	\$0
<b>Total</b>	<b>\$35,603,474</b>

**Residential**

Construction Cost Per Square Foot:	\$513
Per Unit Cost:	\$613,853
True Cash Per Unit Cost*:	\$613,853

**Construction Financing**

<u>Source</u>	<u>Amount</u>
MUFG Union Bank, N.A.	\$20,283,002
City of Santa Monica Housing Trust Fund	\$11,742,234
Deferred Costs	\$1,444,928
GP Contribution	\$100
Tax Credit Equity	\$2,133,210

**Permanent Financing**

<u>Source</u>	<u>Amount</u>
MUFG Union Bank, N.A.	\$1,030,000
City of Santa Monica Housing Trust Fund	\$11,742,234
GP Contribution	\$100
Tax Credit Equity	\$22,831,140
<b>TOTAL</b>	<b>\$35,603,474</b>

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

**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
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,123,982
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.91325

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:	<b>Special Needs</b>
Final:	<b>70.650%</b>

**Significant Information / Additional Conditions:** None.

**Resyndication and Resyndication Transfer Event:** None.

**Local Reviewing Agency**

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

**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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1/8 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Residents provided free or discounted transit passes, 1 pass per unit	3	3	3
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/2 mile of medical clinic or hospital	3	3	3
Within 1/2 mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>SPECIAL NEEDS HOUSING TYPE</b>			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</b>

**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.**