

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 Second Round

October 20, 2021

4507 Main St., located at 4504 - 4519 South Main Street in Los Angeles, requested and is being recommended for a reservation of \$2,107,826 in annual federal tax credits to finance the new construction of 60 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 EAH Inc. and will be located in Senate District 30 and Assembly District 59.

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 NPLH program of HCD.

Project Number CA-21-163

Project Name 4507 Main St.
Site Address: 4504 - 4519 South Main Street
Los Angeles CA, 90037 County: Los Angeles
Census Tract: 231900.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,107,826	\$0
Recommended:	\$2,107,826	\$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): 4507 Main St. EAH, LLC
General Partner Type: Nonprofit
Parent Company(ies): EAH Inc.
Developer: EAH Inc.
Investor/Consultant: The California Housing Partnership Corporation
Management Agent(s): EAH Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 61
No. & % of Tax Credit Units: 60 100%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: HUD Section 8 Project Based Vouchers (31 Units - 50%)

Information

Set-Aside: N/A
Housing Type: Special Needs At least 20% 1-bedroom units and 10% larger than 1-bedroom units
Type of Special Needs: Homeless, formerly homeless
Average Targeted Affordability of Special Needs/SRO Project Units: 30%
% of Special Need Units: 51.00%
Geographic Area: City of Los Angeles
TCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 33	55%
At or Below 60% AMI: 27	45%

Unit Mix

20 SRO/Studio Units
35 1-Bedroom Units
6 2-Bedroom Units
61 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
10 SRO/Studio	30%	\$621
21 1 Bedroom	30%	\$665
2 2 Bedrooms	30%	\$798
10 SRO/Studio	60%	\$1,242
13 1 Bedroom	60%	\$1,330
4 2 Bedrooms	60%	\$1,596
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,527,500
Construction Costs	\$20,977,078
Rehabilitation Costs	\$0
Construction Contingency	\$1,179,198
Relocation	\$150,000
Architectural/Engineering	\$1,236,750
Const. Interest, Perm. Financing	\$1,716,612
Legal Fees	\$60,000
Reserves	\$615,107
Other Costs	\$969,859
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$32,632,104

Residential

Construction Cost Per Square Foot:	\$509
Per Unit Cost:	\$534,953
True Cash Per Unit Cost*:	\$534,953

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
MUFG Union Bank, N.A.	\$19,352,732	MUFG Union Bank, N.A.	\$3,950,000
HCID LA HHH	\$6,000,000	HCID LA HHH	\$6,000,000
HCID LA Accrued/Deferred Interest	\$89,622	No Place Like Home	\$3,410,000
No Place Like Home	\$3,360,000	GP Capital	\$100
Costs Deferred Until Conversion	\$2,010,450	Tax Credit Equity	\$19,272,004
GP Capital	\$100	TOTAL	\$32,632,104
Tax Credit Equity	\$1,819,200		

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$18,015,612
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$23,420,296
Applicable Rate:	9.00%
Maximum Annual Federal Credit, Rehabilitation:	\$2,107,826
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	The California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.91431

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

Initial:	No
First:	Special Needs
Final:	63.860%

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.

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 ¼ mile of transit, service every 30 minutes in rush hours	6	6	6
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within 1½ miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Special Needs project within 1 mile of facility serving tenant population	2	2	2
Within 1 mile of medical clinic or hospital	2	2	2
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
SPECIAL NEEDS HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	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
Enhanced Accessibility and Visitability	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.