

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2022 First Round

June 15, 2022

Alvarado Kent Apartments, located at 707-721 N. Alvarado in Los Angeles, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$3,286,667 in total state tax credits to finance the new construction of 80 units of housing serving special needs tenants with rents affordable to households earning 20%-60% of area median income (AMI). The project will be developed by Single Room Occupancy Housing Corporation and will be located in Senate District 24 and Assembly District 51.

Alvarado Kent Apartments will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-22-032

Project Name Alvarado Kent Apartments
Site Address: 707-721 N. Alvarado St. & 2106-2110 W. Kent St.
Los Angeles, CA 90026 County: Los Angeles
Census Tract: 1957.100

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,500,000	\$3,286,667
Recommended:	\$2,500,000	\$3,286,667

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Alvarado Kent Apartments, L.P.
Contact: Joseph Corcoran
Address: 1055 W. 7th Street, Suite 3250
Los Angeles, CA 90017
Phone: 213-229-9640
Email: JosephC@srohousing.org

General Partner(s) / Principal Owner(s): Single Room Occupancy Housing Corporation
General Partner Type: Nonprofit
Parent Company(ies): Single Room Occupancy Housing Corporation
Developer: Single Room Occupancy Housing Corporation
Investor/Consultant: Enterprise Community Investments
Management Agent(s): SRO Housing Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 81
No. & % of Tax Credit Units: 80 100%
Federal Set-Aside Elected: 20%/50%
Federal Subsidy: HUD Section 8 Project-based Vouchers (60 units - 75%)

Information

Set-Aside: Nonprofit (qualified nonprofit organization)
Housing Type: Special Needs
Type of Special Needs: Homeless / Formerly Homeless
Average Targeted Affordability of Special Needs/SRO Project Units: 32.50%
% of Special Need Units: 60 units 75.00%
Geographic Area: City of Los Angeles
TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 20% AMI: 40	50%
At or Below 30% AMI: 20	25%
At or Below 60% AMI: 20	25%

Unit Mix

80 SRO/Studio Units
1 1-Bedroom Units
<hr/> 81 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
40 SRO/Studio	20%	\$414
20 SRO/Studio	30%	\$621
20 SRO/Studio	60%	\$1,243
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$7,717,330
Construction Costs	\$26,924,145
Rehabilitation Costs	\$0
Construction Contingency	\$1,706,525
Relocation	\$310,000
Architectural/Engineering	\$1,132,000
Const. Interest, Perm. Financing	\$1,702,000
Legal Fees	\$265,000
Reserves	\$140,000
Other Costs	\$1,101,000
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$43,198,000

Residential

Construction Cost Per Square Foot:	\$425
Per Unit Cost:	\$533,309
True Cash Per Unit Cost*:	\$533,309

Construction Financing

Source	Amount
Union Bank	\$14,653,250
LAHD	\$8,400,000
Deferred Costs	\$1,421,000
Tax Credit Equity	\$18,723,750

Permanent Financing

Source	Amount
Union Bank	\$9,833,000
LAHD	\$8,400,000
Tax Credit Equity	\$24,965,000
TOTAL	\$43,198,000

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,369,170
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,779,921
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$3,286,667
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Enterprise Community Investments
Federal Tax Credit Factor:	\$0.90000
State Tax Credit Factor:	\$0.75000

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:	Letter of Support
First:	Special Needs
Final:	59.355%

Significant Information / Additional Conditions

The applicant’s estimate of the three-month operating reserve shown in the application development budget is slightly below CTCAC’s minimum. Pursuant to CTCAC Regulations 10327(a), the shortage of sources for the three-month operating reserve is within the 50% of soft contingency amount limit allowed by CTCAC to be deemed an application error which shall be covered by the project's contingency line item. The applicant must correct the three-month operating reserve in the readiness submission.

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

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 minutes in rush hours	5	5	5
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 ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ½ mile of medical clinic or hospital	3	3	3
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
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
Health/behavioral services provided by licensed org. or individual	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
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.