

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
June 15, 2022**

Palmer Park Manor, located at 617 E Palmer Avenue in Glendale, requested and is being recommended for a reservation of \$286,258 in annual federal tax credits to finance the acquisition and rehabilitation of 12 units of housing serving tenants with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by Palmer Park Developer, LLC and is located in Senate District 25 and Assembly District 43.

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

Project Number CA-22-457

Project Name Palmer Park Manor
Site Address: 617 E Palmer Avenue
Glendale, CA 91205 County: Los Angeles
Census Tract: 3025.06

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$286,258	\$0
Recommended:	\$286,258	\$0

Applicant Information

Applicant: Palmer Park Housing Partners, LP
Contact: Evan Laws
Address: 415 First Avenue N #19240
Seattle, WA 98109
Phone: 360-921-3160
Email: evan.laws@vitus.com

General Partner(s) or Principal Owner(s): FFAH V Palmer Park, LLC
Palmer Park Housing Management, LLC

General Partner Type: Joint Venture

Parent Company(ies): FFAH V Inc.
Vitus Group, LLC

Developer: Palmer Park Developer, LLC

Bond Issuer: CSCDA

Investor/Consultant: R4 Capital, LLC

Management Agent: Aperto Property Management, Inc

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 1
 Total # of Units: 12
 No. / % of Low Income Units: 12 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Contract
 (12 Units - 100%)

Information

Housing Type: At-Risk
 Geographic Area: Balance of Los Angeles County
 CTCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

<u>Aggregate Targeting</u> <u>Number of Units</u>	<u>Percentage of</u> <u>Affordable Units</u>
30% AMI: 1	8%
50% AMI: 11	92%

Unit Mix

8 2-Bedroom Units
<u>4 3-Bedroom Units</u>
12 Total Units

<u>Unit Type</u> <u>& Number</u>	<u>2021 Rents Targeted %</u> <u>of Area Median Income</u>	<u>Proposed Rent</u> <u>(including utilities)</u>
1 2 Bedrooms	30%	\$798
7 2 Bedrooms	50%	\$1,330
4 3 Bedrooms	50%	\$1,536

Project Cost Summary at Application

Land and Acquisition	\$5,340,000
Construction Costs	\$0
Rehabilitation Costs	\$1,027,097
Construction Hard Cost Contingency	\$102,710
Soft Cost Contingency	\$15,000
Relocation	\$77,500
Architectural/Engineering	\$34,000
Const. Interest, Perm. Financing	\$427,152
Legal Fees	\$135,000
Reserves	\$110,000
Other Costs	\$117,783
Developer Fee	\$871,022
Commercial Costs	<u>\$0</u>
Total	\$8,257,264

Residential

Construction Cost Per Square Foot:	\$96
Per Unit Cost:	\$688,105
True Cash Per Unit Cost*:	\$628,974

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Rockport/HUD 221D4	\$4,217,000	Rockport/HUD 221D4	\$4,217,000
Rockport/HUD 221D4	\$783,000	Rockport/HUD 221D4	\$783,000
Colliers - Equity Bridge Loan	\$1,900,000	Deferred Developer Fee	\$709,572
Deferred Developer Fee	\$509,538	Tax Credit Equity	\$2,547,692
		TOTAL	\$8,257,264

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$1,597,713
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$5,080,125
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$2,077,027
Qualified Basis (Acquisition):	\$5,080,125
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$83,053
Maximum Annual Federal Credit, Acquisition:	\$203,205
Total Maximum Annual Federal Credit:	\$286,258
Approved Developer Fee (in Project Cost & Eligible Basis):	\$871,022
Investor/Consultant:	R4 Capital, LLC
Federal Tax Credit Factor:	\$0.89000

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: None.

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.

CTCAC 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 CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC 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, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, 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 CTCAC 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 CTCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.