

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
June 15, 2022

515 Pioneer Drive, located at 515 Pioneer Drive in Glendale, requested and is being recommended for a reservation of \$6,818,969 in annual federal tax credits and \$13,979,409 in total state tax credits to finance the new construction of 337 units of housing serving tenants with rents affordable to households earning 30%-80% of area median income (AMI). The project will be developed by Linc Housing Corporation and will be located in Senate District 25 and Assembly District 43.

The project financing includes state funding from the Mixed Income Program through CalHFA.

Project Number CA-22-481

Project Name 515 Pioneer Drive
Site Address: 515 Pioneer Drive
 Glendale, CA 91203 County: Los Angeles
Census Tract: 3017.02

| Tax Credit Amounts | Federal/Annual | State/Total * |
|---------------------------|-----------------------|----------------------|
| Requested: | \$6,818,969 | \$13,979,409 |
| Recommended: | \$6,818,969 | \$13,979,409 |

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

Applicant Information

Applicant: Linc Housing Corporation
Contact: Ana Tapia
Address: 3590 Elm Avenue
 Long Beach, CA 90807
Phone: 626-494-5246
Email: atapia@linchousing.org

General Partner(s) or Principal Owner(s): Linc Housing Corporation
 National Community Renaissance of California
General Partner Type: Nonprofit
Parent Company(ies): Linc Housing Corporation
 National Community Renaissance of California
Developer: Linc Housing Corporation
Bond Issuer: CalHFA
Investor/Consultant: Bank of America
Management Agent: National CORE

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 3
 Total # of Units: 340
 No. / % of Low Income Units: 337 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Non-Targeted
 Geographic Area: Balance of Los Angeles County
 CTCAC Project Analyst: Sarah Gullikson

55-Year Use / Affordability

| Aggregate Targeting | Number of Units | Percentage of Affordable Units |
|----------------------------|------------------------|---------------------------------------|
| 30% AMI: | 34 | 10% |
| 40% AMI: | 48 | 14% |
| 50% AMI: | 34 | 10% |
| 60% AMI: | 131 | 39% |
| 80% AMI: | 90 | 27% |

Unit Mix

32 SRO/Studio Units
 260 1-Bedroom Units
 48 2-Bedroom Units

 340 Total Units

| Unit Type & Number | 2021 Rents Targeted % of Area Median Income | Proposed Rent (including utilities) |
|-------------------------------|--|--|
| 14 SRO/Studio | 30% | \$420 |
| 18 SRO/Studio | 30% | \$621 |
| 2 1 Bedroom | 30% | \$665 |
| 48 1 Bedroom | 40% | \$887 |
| 29 1 Bedroom | 50% | \$1,108 |
| 5 2 Bedrooms | 50% | \$1,330 |
| 131 1 Bedroom | 60% | \$1,330 |
| 50 1 Bedroom | 80% | \$1,774 |
| 40 2 Bedrooms | 80% | \$2,128 |
| 3 2 Bedrooms | Manager's Unit | \$0 |

Project Cost Summary at Application

| | |
|------------------------------------|----------------------|
| Land and Acquisition | \$15,438,424 |
| Construction Costs | \$91,665,994 |
| Rehabilitation Costs | \$0 |
| Construction Hard Cost Contingency | \$4,776,193 |
| Soft Cost Contingency | \$806,194 |
| Relocation | \$0 |
| Architectural/Engineering | \$2,940,000 |
| Const. Interest, Perm. Financing | \$9,403,950 |
| Legal Fees | \$155,000 |
| Reserves | \$1,144,629 |
| Other Costs | \$6,045,990 |
| Developer Fee | \$17,104,437 |
| Commercial Costs | \$0 |
| Total | \$149,480,811 |

Residential

| | |
|------------------------------------|-----------|
| Construction Cost Per Square Foot: | \$308 |
| Per Unit Cost: | \$439,649 |
| True Cash Per Unit Cost*: | \$425,752 |

Construction Financing

| Source | Amount |
|-----------------------------------|--------------|
| Bank of America - Tax-Exempt | \$74,970,489 |
| Bank of America - Taxable | \$6,938,999 |
| Glendale Housing Authority - Land | \$12,400,000 |
| Glendale Housing Authority | \$10,000,000 |
| General Partner Equity | \$5,079,442 |
| Deferred Costs | \$4,428,946 |
| Deferred Developer Fee | \$4,725,095 |
| Tax Credit Equity | \$30,937,840 |

Permanent Financing

| Source | Amount |
|-----------------------------------|----------------------|
| CalHFA - Tax-Exempt | \$34,931,674 |
| CalHFA - MIP | \$5,000,000 |
| Glendale Housing Authority - Land | \$12,400,000 |
| Glendale Housing Authority | \$10,000,000 |
| General Partner Equity | \$5,079,442 |
| Deferred Developer Fee | \$4,725,095 |
| Tax Credit Equity | \$77,344,600 |
| TOTAL | \$149,480,811 |

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

Determination of Credit Amount(s)

| | |
|--|-----------------|
| Requested Eligible Basis: | \$131,134,018 |
| 130% High Cost Adjustment: | Yes |
| Applicable Fraction: | 100.00% |
| Qualified Basis: | \$170,474,223 |
| Applicable Rate: | 4.00% |
| Total Maximum Annual Federal Credit: | \$6,818,969 |
| Total State Credit: | \$13,979,409 |
| Approved Developer Fee (in Project Cost & Eligible Basis): | \$17,104,437 |
| Investor/Consultant: | Bank of America |
| Federal Tax Credit Factor: | \$0.96000 |
| State Tax Credit Factor: | \$0.85000 |

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

The project has committed to provide three on-site manager units. In lieu of a fourth on-site manager unit, the project is committing to employ an equivalent number of on-site full-time property management staff (at least one of whom is a property manager) and provide an equivalent number of desk or security staff who are not tenants and are capable of responding to emergencies for the hours when property management staff is not working. All staff or contractors performing desk or security work shall be knowledgeable of how the property’s fire system operates and be trained in, and have participated in, fire evacuation drills for tenants. CTCAC reserves the right to require that one or more on-site managers’ units be provided and occupied by property management staff if, in its sole discretion, it determines as part of any on-site inspection that the project has not been adequately operated and/or maintained.

This is a non-targeted project that includes senior-restricted units in a separate building from the other buildings. The non-targeted portion of the project consists of two elevator-serviced, five-story buildings with a total of 200 one-bedroom units and 47 two-bedroom units, 2 of which are manager's units. The senior-restricted building is 5 stories with an elevator and has 32 studio units, 60 one-bedroom units, and 1 two-bedroom manager's unit. The applicant has provided CTCAC with an attorney's opinion that the project as proposed meets all federal and state fair housing laws as they relate to the combining of non-targeted units/buildings and senior-restricted units/buildings on the same site as a single project.

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.