

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2022 Second Round

September 28, 2022

Chapel Avenue Apartments, located at 103 North Chapel Avenue in Alhambra, requested and is being recommended for a reservation of \$2,191,271 in annual federal tax credits to finance the new construction of 43 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Related Development Company of California, LLC and will be located in Senate District 22 and Assembly District 49.

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

Project Number CA-22-059

Project Name Chapel Avenue Apartments
Site Address: 103 North Chapel Avenue
Alhambra, CA 91801
County: Los Angeles
Census Tract: 4803.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,191,271	\$0
Recommended:	\$2,191,271	\$0

Applicant Information

Applicant: Chapel Housing Partners, L.P.
Contact: Frank Cardone
Address: 18201 Von Karman Avenue, Suite 900
Irvine, CA 92612
Phone: (949) 660-7272
Email: FCardone@Related.com

General Partner(s) / Principal Owner(s): Related/Chapel Development Co., LLC
FFAH V Chapel Avenue, LLC
General Partner Type: Joint Venture
Parent Company(ies): The Related Companies of California, LLC
Foundation for Affordable Housing
Developer: Related Development Company of California, LLC
Investor/Consultant: U.S. Bancorp Community Development Corporation
Management Agent(s): Related Management Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 44
No. & % of Tax Credit Units: 43 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based vouchers (22 units - 50%)

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Balance of Los Angeles County
CTCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 30% AMI:	24	55%
At or Below 50% AMI:	9	20%
At or Below 60% AMI:	10	20%

Unit Mix

7 SRO/Studio Units
14 1-Bedroom Units
11 2-Bedroom Units
12 3-Bedroom Units
<u>44 Total Units</u>

<u>Unit Type & Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
7 SRO/Studio	30%	\$420
3 1 Bedroom	30%	\$450
11 1 Bedroom	30%	\$670
1 2 Bedrooms	30%	\$804
4 2 Bedrooms	50%	\$1,340
6 2 Bedrooms	60%	\$1,608
2 3 Bedrooms	30%	\$929
4 3 Bedrooms	50%	\$1,548
5 3 Bedrooms	60%	\$1,858
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,430,612
Construction Costs	\$21,694,048
Rehabilitation Costs	\$0
Construction Contingency	\$1,342,137
Relocation	\$0
Architectural/Engineering	\$1,684,790
Const. Interest, Perm. Financing	\$1,851,665
Legal Fees	\$195,545
Reserves	\$618,624
Other Costs	\$2,696,705
Developer Fee	\$2,200,000
Commercial Costs	\$706,849
Total	\$35,420,975

Residential

Construction Cost Per Square Foot:	\$477
Per Unit Cost:	\$788,957
True Cash Per Unit Cost*:	\$788,957

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
U.S. Bancorp Community Development	\$2,015,767	MUFG Union Bank	\$3,743,300
MUFG Union Bank	\$20,166,584	City of Alhambra	\$6,520,000
City of Alhambra	\$6,520,000	LACDA	\$3,240,000
Los Angeles County Development Authority	\$3,240,000	SGVRHT	\$1,760,000
San Gabriel Valley Regional Housing Trust	\$1,760,000	Tax Credit Equity	\$20,157,675
Deferred Developer Fee	\$1,100,000	TOTAL	\$35,420,975
Deferred Costs	\$618,624		

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$24,347,453
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$24,347,453
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,191,271
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	U.S. Bancorp Community Development Corporation
Federal Tax Credit Factor:	\$0.91991

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

Self-Score Final:	63.400%
CTCAC Final:	63.400%

Significant Information / Additional Conditions

The project has a per unit cost of \$788,957. This is due to high real estate prices of the area, as well as increased price of building materials.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, City of Alhambra, has completed a site review of this project and strongly supports this project.

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.

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 performance deposit and allocation 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.

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 min, 25 units/acre density	7	7	7
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 a public middle school	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Highest or High Resources Area	8	8	8
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	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
Smoke Free Residence	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.