

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2022 Second Round

September 28, 2022

Third Thyme, located at 1435 W. 3rd Street in Los Angeles, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$6,539,538 in total state tax credits to finance the new construction of 102 units of housing serving seniors and special needs tenants with rents affordable to households earning 20%-60% of area median income (AMI). The project will be developed by West Hollywood Community Housing Corporation and will be located in Senate District 51 and Assembly District 24.

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

Project Number CA-22-081

Project Name Third Thyme
Site Address: 1435 W. 3rd Street
Los Angeles, CA 90017 County: Los Angeles
Census Tract: 2083.020

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,500,000	\$6,539,538
Recommended:	\$2,500,000	\$6,539,538

Applicant Information

Applicant: Third Thyme, L.P.
Contact: Jesse Slansky, President & CEO
Address: 7530 Santa Monica Blvd.
West Hollywood , CA 90046
Phone: 323-650-8771
Email: Jesse@whchc.org

General Partner(s) / Principal Owner(s): Third Thyme, LLC
General Partner Type: Nonprofit
Parent Company(ies): WHCHC
Developer: West Hollywood Community Housing Corporation
Investor/Consultant: Citibank
Management Agent(s): Barker Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 104
No. & % of Tax Credit Units: 102 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HOME / HUD Section 8 Vouchers (52 - 50%)

Information

Set-Aside: Special Needs
Housing Type: Special Needs Seniors
Type of Special Needs: Homeless
Average Targeted Affordability of Special Needs/SRO Project Units: 37.65%
% of Special Need Units: 51 units 50.00%
Geographic Area: City of Los Angeles
CTCAC Project Analyst: Jonghyun(Tommy) Shim

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 20% AMI:	52	50%
At or Below 50% AMI:	20	15%
At or Below 60% AMI:	30	25%

Unit Mix

<u>104 1-Bedroom Units</u>
104 Total Units

<u>Unit Type & Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
52 1 Bedroom	20%	\$446
20 1 Bedroom	50%	\$1,116
30 1 Bedroom	60%	\$1,340
2 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,740,000
Construction Costs	\$32,184,210
Rehabilitation Costs	\$0
Construction Contingency	\$3,369,579
Relocation	\$0
Architectural/Engineering	\$1,580,000
Const. Interest, Perm. Financing	\$4,030,395
Legal Fees	\$215,000
Reserves	\$417,930
Other Costs	\$1,943,465
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$50,680,579

Residential

Construction Cost Per Square Foot:	\$530
Per Unit Cost:	\$487,313
True Cash Per Unit Cost*:	\$486,266

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank	\$33,443,700	Citibank	\$10,340,000
City of LA - HOME & AHTF	\$9,500,000	City of LA - HOME & AHTF	\$9,500,000
LACDA - AHTF	\$3,000,000	LACDA - AHTF	\$3,000,000
Deferred Costs	\$1,963,616	GP Equity	\$100
GP Equity	\$100	Deferred Developer Fee	\$108,849
Tax Credit Equity	\$2,773,163	Tax Credit Equity	\$27,731,630
		TOTAL	\$50,680,579

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$33,966,253
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$44,156,129
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$6,539,538
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Citibank
Federal Tax Credit Factor:	\$0.90000
State Tax Credit Factor:	\$0.80000

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 (Only if FUNDED in the City of LA or SF)
First:	Special Needs
Self-Score Final:	63.734%
CTCAC Final:	63.734%

Significant Information / Additional Conditions:

Staff noted that the hard cost contingency, as reflected in the project’s Application Sources & Uses table, exceeds 10% of the project’s total hard construction costs.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, Los Angeles Housing Development, 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 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 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 1 mile of public library	2	2	2
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within ½ mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	1	1	1
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
Health & wellness services and programs, minimum 100 hrs per 100 bdrms	5	5	5
SPECIAL NEEDS HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	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.