

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2022 Second Round

September 28, 2022

First Street North B Apartments, located at 150 Judge John Aiso Street in Los Angeles, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$11,827,842 in total state tax credits to finance the new construction of 66 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by LTSC Community Development Corporation and will be located in Senate District 24 and Assembly District 53.

The project financing includes state funding from the Infill Infrastructure Grant (IIG) and Veterans Housing and Homelessness Prevention (VHHP) program(s) of HCD.

Project Number CA-22-094

Project Name First Street North B Apartments
Site Address: 150 Judge John Aiso Street
Los Angeles, CA 90012 County: Los Angeles
Census Tract: 2062

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,500,000	\$11,827,842
Recommended:	\$2,500,000	\$11,827,842

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

Applicant Information

Applicant: LTSC Community Development Corporation
Contact: Erich Nakano
Address: 231 E. Third St., Suite G106
Los Angeles, CA 90013
Phone: 213-473-1685
Email: ENakano@ltsc.org

General Partner(s) / Principal Owner(s): FSN B Apartments, LLC
General Partner Type: Nonprofit
Parent Company(ies): LTSC Community Development Corporation
Developer: LTSC Community Development Corporation
Investor/Consultant: California Housing Partnership Corporation
Management Agent(s): Levine Management Group Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 67
No. & % of Tax Credit Units: 66 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: N/A

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: City of Los Angeles
CTCAC Project Analyst: Sarah Gullikson

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:	14	20%
At or Below 50% AMI:	41	40%
At or Below 60% AMI:	11	15%

Unit Mix

17 SRO/Studio Units
15 1-Bedroom Units
17 2-Bedroom Units
18 3-Bedroom Units
<u>67 Total Units</u>

<u>Unit Type & Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 SRO/Studio	30%	\$625
4 1 Bedroom	30%	\$670
3 2 Bedrooms	30%	\$804
2 3 Bedrooms	30%	\$929
9 SRO/Studio	50%	\$1,042
8 1 Bedroom	50%	\$1,116
9 2 Bedrooms	50%	\$1,340
15 3 Bedrooms	50%	\$1,548
3 SRO/Studio	60%	\$1,251
3 1 Bedroom	60%	\$1,340
5 2 Bedrooms	60%	\$1,608
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$129,802
Construction Costs	\$28,840,659
Rehabilitation Costs	\$0
Construction Contingency	\$3,043,776
Relocation	\$0
Architectural/Engineering	\$1,361,043
Const. Interest, Perm. Financing	\$5,016,753
Legal Fees	\$185,454
Reserves	\$328,188
Other Costs	\$1,455,765
Developer Fee	\$2,200,000
Commercial Costs	\$7,959,583
Total	\$50,521,023

Residential

Construction Cost Per Square Foot:	\$360
Per Unit Cost:	\$629,778
True Cash Per Unit Cost*:	\$629,778

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
US Bank	\$37,721,400	US Bank	\$2,361,000
HCD IIG	\$1,627,054	Genesis LA: Commercial	\$4,367,000
LAHD AHMP**	\$6,805,200	HCD IIG	\$1,627,054
Deferred Costs	\$1,265,658	HCD VHHP	\$2,723,660
Tax Credit Equity	\$3,101,711	LAHD AHMP**	\$6,805,200
		Tax Credit Equity	\$32,637,109
		TOTAL	\$50,521,023

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

**Los Angeles Housing Development Affordable Housing Managed Pipeline

Determination of Credit Amount(s)

Requested Eligible Basis:	\$39,426,140
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$39,426,140
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$11,827,842
Approved Developer Fee in Project Cost:	\$2,200,000
Approved Developer Fee in Eligible Basis:	\$1,833,689
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.91280
State Tax Credit Factor:	\$0.83000

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:	Large Family
Final:	27.129%

Significant Information / Additional Conditions

The current legal description is part of a larger site and the project site’s parcel (legal description and APN) have not yet been finalized. The legal description and APN for CA-22-094 must be completed as part of the Readiness to Proceed 180/194-Day package.

Staff noted the hard cost contingency, as reflected in the project’s Application Sources & Uses table, exceeds 5% 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 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
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Other Services Specialist, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
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
State Credit Substitution	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.