CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 30, 2022

Palmer Park Manor, located at 617 E Palmer Avenue in Glendale, requested and is being recommended for a reservation of $312,328 in annual federal tax credits to finance the acquisition & rehabilitation of 12 units of housing serving At-Risk tenants with rents affordable to households earning 30%-60% 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 is currently at-risk, but is being recommended for a reservation of tax credits that will preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-22-604

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:	$312,328	$0
Recommended:	$312,328	$0

Applicant Information
Applicant: Palmer Park Housing Partners, LP
Contact: Evan Laws
Address: 415 First Ave 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): Foundation for Affordable Housing 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 Vouchers
(12 Units -100%)

Information

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

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	3	25%
50% AMI:	6	50%
60% AMI:	3	25%

Unit Mix

8	2-Bedroom Units
4	3-Bedroom Units
12	Total Units

Unit Type & Number		2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
2	2 Bedrooms	30%	$804
1	3 Bedrooms	30%	$929
3	2 Bedrooms	50%	$1,340
3	3 Bedrooms	50%	$1,548
3	2 Bedrooms	60%	$1,608

Project Cost Summary at Application	
Land and Acquisition	$5,340,000
Construction Costs	$0
Rehabilitation Costs	$1,205,848
Construction Hard Cost Contingency	$117,906
Soft Cost Contingency	$25,000
Relocation	$77,500
Architectural/Engineering	$34,000
Const. Interest, Perm. Financing	$481,848
Legal Fees	$153,750
Reserves	$110,000
Other Costs	$218,938
Developer Fee	$940,673
Commercial Costs	$0
Total	**$8,705,463**

Residential	
Construction Cost Per Square Foot:	$113
Per Unit Cost:	$725,455
True Cash Per Unit Cost*:	$684,120

Construction Financing	
Source	Amount
Rockport/HUD 221D4	$2,755,184
Rockport/HUD 221D4	$1,624,816
Colliers/Equity Bridge Loan	$1,700,000
General Partner Note	$1,050,000
Tax Credit Equity	$555,889

Permanent Financing	
Source	Amount
Rockport/HUD 221D4	$2,755,184
Rockport/HUD 221D4	$1,624,816
Deferred Developer Fee	$496,019
General Partner Note	$1,050,000
Tax Credit Equity	$2,779,444
TOTAL	**$8,705,463**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$1,987,969
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$5,223,875
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$2,584,360
Qualified Basis (Acquisition):	$5,223,875
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$103,373
Maximum Annual Federal Credit, Acquisition:	$208,955
Total Maximum Annual Federal Credit:	$312,328
Approved Developer Fee in Project Cost:	$940,673
Approved Developer Fee in Eligible Basis:	$940,673
Investor/Consultant:	R4 Capital LLC
Federal Tax Credit Factor:	$0.88991

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.