

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
May 10, 2023**

Palmer Park Manor, located at 617 E Palmer Avenue in Glendale, requested and is being recommended for a reservation of \$291,857 in annual federal tax credits and \$948,441 in total state tax credits to finance the acquisition & rehabilitation of 12 units of housing serving 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 Contract.

Project Number CA-23-483

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:	\$291,857	\$948,441
Recommended:	\$291,857	\$948,441

* The applicant made an election not to sell (Certificate) any portion of the state credits.

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 Contract (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:	2	17%
50% AMI:	7	58%
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
3 2 Bedrooms	50%	\$1,340
4 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	\$1,288,424
Construction Hard Cost Contingency	\$125,587
Soft Cost Contingency	\$25,000
Relocation	\$107,500
Architectural/Engineering	\$34,000
Const. Interest, Perm. Financing	\$470,470
Legal Fees	\$203,750
Reserves	\$120,000
Other Costs	\$263,434
Developer Fee	\$951,709
Commercial Costs	\$0
Total	\$8,929,874

Residential

Construction Cost Per Square Foot:	\$121
Per Unit Cost:	\$744,156
True Cash Per Unit Cost*:	\$716,421

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Rockport/HUD 221D4	\$2,072,500	Rockport/HUD 221D4	\$2,072,500
Rockport/HUD 221D4	\$2,087,500	Rockport/HUD 221D4	\$2,087,500
Colliers/Equity Bridge Loan	\$2,500,000	Deferred Developer Fee	\$332,821
General Partner Note	\$1,100,000	General Partner Note	\$1,100,000
Tax Credit Equity (Federal)	\$519,454	Tax Credit Equity	\$3,337,053
Tax Credit Equity (State)	\$147,957	TOTAL	\$8,929,874

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$2,213,019
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$5,083,411
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$2,213,019
Qualified Basis (Acquisition):	\$5,083,411
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$88,521
Maximum Annual Federal Credit, Acquisition:	\$203,336
Total Maximum Annual Federal Credit:	\$291,857
Total State Credit:	\$663,906
Approved Developer Fee (in Project Cost & Eligible Basis):	\$951,709
Investor/Consultant:	R4 Capital LLC
Federal Tax Credit Factor:	\$0.88991
State Tax Credit Factor:	\$0.78000

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 is anticipated to be a 100% tax credit project, but potentially has over-income tenants that do not meet CTCAC income limit requirements and will not qualify for the AMI targeting above. If tenants are over income, the applicant will endeavor to have these tenants relocate so that when it places in service as CA-23-483, it will be a 100% tax credit project. However, if any of these tenants do not relocate, the project's actual applicable fraction will be determined at the placed-in-service review.

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.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).