

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2023 First Round

July 26, 2023

Martel EAH, located at 1041-1049 North Martel Avenue in West Hollywood, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$8,000,749 in total state tax credits to finance the new construction of 49 units of housing serving seniors with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by EAH Inc. and will be located in Senate District 24 and Assembly District 51.

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

Project Number CA-23-006

Project Name Martel EAH
Site Address: 1041-1049 North Martel Avenue
West Hollywood, CA 90046
County: Los Angeles
Census Tract: 7001.02

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,500,000	\$8,000,749
Recommended:	\$2,500,000	\$8,000,749

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

Applicant Information

Applicant: EAH Inc.
Contact: Welton Jordan
Address: 22 Pelican Way
San Rafael, CA 94901
Phone: 415.295.8876
Email: welton.jordan@eahhousing.org

General Partner(s) / Principal Owner(s): Martel EAH, LLC
EAH Community Housing Inc.
General Partner Type: Nonprofit
Parent Company(ies): EAH Inc.
EAH Inc.
Developer: EAH Inc.
Investor/Consultant: US Bank
Management Agent(s): EAH Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 50
No. & % of Tax Credit Units: 49 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (25 Units - 50%)

Information

Set-Aside: N/A
Housing Type: Seniors
Geographic Area: Balance of Los Angeles County
CTCAC Project Analyst: Sopida Steinwert

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:	26	50%
At or Below 50% AMI:	7	10%
At or Below 60% AMI:	16	30%

Unit Mix

12 SRO/Studio Units
35 1-Bedroom Units
<u>3 2-Bedroom Units</u>
50 Total Units

<u>Unit Type & Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
12 SRO/Studio	30%	\$625
13 1 Bedroom	30%	\$670
1 2 Bedrooms	30%	\$804
7 1 Bedroom	50%	\$1,116
15 1 Bedroom	60%	\$1,339
1 2 Bedrooms	60%	\$1,609
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$6,860,000
Construction Costs	\$24,085,188
Construction Contingency	\$2,543,891
Architectural/Engineering	\$935,280
Const. Interest, Perm. Financing	\$4,084,785
Legal Fees	\$60,000
Reserves	\$209,093
Other Costs	\$2,547,392
Developer Fee	\$2,200,000
Total	\$43,525,629

Residential

Construction Cost Per Square Foot:	\$468
Per Unit Cost:	\$870,513
True Cash Per Unit Cost*:	\$860,513

Construction Financing

Source	Amount
US Bank	\$28,800,806
City of West Hollywood	\$6,445,000
LACDA Capital	\$3,575,550
Impact Fee Waiver	\$500,000
Deferred Costs	\$1,382,210
Tax Credit Equity	\$2,822,063

Permanent Financing

Source	Amount
US Bank - Tranche A	\$3,380,000
City of West Hollywood	\$6,445,000
LACDA Capital	\$3,630,000
Impact Fee Waiver	\$500,000
Tax Credit Equity	\$29,570,629
TOTAL	\$43,525,629

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$33,577,705
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$33,577,705
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$8,000,749
Investor/Consultant:	US Bank
Federal Tax Credit Factor:	\$0.91400
State Tax Credit Factor:	\$0.84000

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

First:	Seniors
Self-Score Final:	49.753%
CTCAC Final:	49.317%

Significant Information / Additional Conditions

Staff noted a per unit cost of \$870,513. The applicant noted that the high per unit cost is attributed to high acquisition cost due to the location of the Project in a high rent market, increased construction loan interest rates, as well as tenant relocation costs for the units occupied at the time of acquisition.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

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

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 1/3 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Senior project within 1/2 mile of daily operated senior center/facility	3	3	3
Within 1/2 mile of medical clinic or hospital	3	3	3
Within 1/2 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
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
SPECIAL NEEDS HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 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
State Credit Substitution	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.