

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2023 First Round

July 26, 2023

The project, 2052 Lake Avenue Apartments, located at 2052 Lake Avenue in Altadena, requested and is being recommended for a reservation of \$2,338,969 in annual federal tax credits to finance the new construction of 57 units of housing serving special needs tenants with rents affordable to households earning 30% of area median income (AMI). The project will be developed by EAH Inc. and will be located in Senate District 25 and Assembly District 41.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the Multifamily Housing Program (MHP) program of HCD.

Project Number CA-23-054

Project Name 2052 Lake Avenue Apartments
Site Address: 2052 Lake Avenue
Altadena, CA 91356
County: Los Angeles
Census Tract: 4612

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,338,969	\$0
Recommended:	\$2,338,969	\$0

Applicant Information

Applicant: 2052 Lake Altadena, L.P.
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): 2052 Lake Altadena EAH, LLC
EAH Community Housing Inc.
General Partner Type: Nonprofit
Parent Company(ies): EAH Inc.
2052 Lake Altadena EAH, LLC
Developer: EAH Inc.
Investor/Consultant: California Housing Partnership Corporation
Management Agent(s): EAH Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 58
No. & % of Tax Credit Units: 57 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (57 Units - 100%)

Information

Set-Aside: N/A
Housing Type: Special Needs
Type of Special Needs: Homeless
Average Targeted Affordability of Special Needs/SRO Project Units: 30.00%
% of Special Need Units: 57 units 100.00%
Geographic Area: Balance of Los Angeles County
CTCAC Project Analyst: Franklin Cui

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:	57	80%

Unit Mix

57 1-Bedroom Units
<u>1 2-Bedroom Units</u>
58 Total Units

<u>Unit Type & Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
57 1 Bedroom	30%	\$670
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,293,648
Construction Costs	\$21,023,921
Rehabilitation Costs	\$0
Construction Contingency	\$2,247,292
Relocation	\$136,738
Architectural/Engineering	\$1,366,153
Const. Interest, Perm. Financing	\$3,854,043
Legal Fees	\$100,000
Reserves	\$318,598
Other Costs	\$1,912,377
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$38,452,770

Residential

Construction Cost Per Square Foot:	\$557
Per Unit Cost:	\$662,979
True Cash Per Unit Cost*:	\$662,979

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
US Bank	\$23,728,239	US Bank	\$7,148,100
HCD Disaster Recovery MHP	\$3,094,059	HCD Disaster Recovery MHP	\$3,141,177
Accrued Interest (MHP)	\$123,963	Accrued Interest (MHP)	\$123,963
LACDA - AHTF ¹	\$6,895,000	LACDA - AHTF ¹	\$7,000,000
Accrued Interest (AHTF ¹)	\$180,198	Accrued Interest (AHTF ¹)	\$180,198
Deferred Costs	\$2,147,378	General Partner Equity	\$350,000
General Partner Equity	\$350,000	Tax Credit Equity	\$20,509,332
Tax Credit Equity	\$1,933,933	TOTAL	\$38,452,770

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

¹Affordable Housing Trust Fund

Determination of Credit Amount(s)

Requested Eligible Basis:	\$19,991,184
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$25,988,539
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,338,969
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.87685

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:	Special Needs
Self-Score Final:	75.268%
CTCAC Final:	75.205%

Significant Information / Additional Conditions

Staff noted a per unit development cost of \$662,979. The applicant noted that the per unit costs is attributed to increased construction loan interest rates. The project is currently modeling the construction loan interest rate at 8.25%, whereas just a few years ago the interest rates were as low as 3.60%. Additionally, the property will be installing Solar Photovoltaic as an energy use offset for the development. The total installation cost came in double of what had been originally modeled.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, the County of Los Angeles, 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

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 mile of public library	2	2	2
Within 1/2 mile of a neighborhood market of at least 5,000 sf	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Within 1/2 mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
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
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
Smoke Free Residence	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.