

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2023 First Round**

**July 26, 2023**

Manchester Apartments, located at 823 West Manchester Avenue in Los Angeles, requested and is being recommended for a reservation of \$2,274,501 in annual federal tax credits to finance the new construction of 41 units of housing serving seniors with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by Domus Development, LLC and will be located in Senate District 28 and Assembly District 57.

**Project Number** CA-23-064

**Project Name** Manchester Apartments  
Site Address: 823 West Manchester Avenue  
Los Angeles, CA 90044  
County: Los Angeles  
Census Tract: 2383.2

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,274,501	\$0
Recommended:	\$2,274,501	\$0

**Applicant Information**

Applicant: Manchester Land Associates, L.P.  
Contact: Michael Limb  
Address: 9 Cushing, Suite 200  
Irvine, CA 92618  
Phone: 949-923-7800  
Email: mlimb@newportpartners.com

General Partner(s) / Principal Owner(s): Newport Development, LLC  
Spectrum GP LLC  
General Partner Type: Joint Venture  
Parent Company(ies): Newport Partners, LLC  
Spectrum Affordable Housing Corporation  
Developer: Domus Development, LLC  
Investor/Consultant: Alliant Capital  
Management Agent(s): Domus Management Company

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 42  
No. & % of Tax Credit Units: 41 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: HOME

**Information**

Set-Aside: N/A  
Housing Type: Seniors  
Geographic Area: City of Los Angeles  
CTCAC Project Analyst: Chris Saenz

**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:	10	20%
At or Below 40% AMI:	21	50%
At or Below 50% AMI:	10	20%

**Unit Mix**

21 SRO/Studio Units
20 1-Bedroom Units
1 2-Bedroom Units
<u>42 Total Units</u>

<u>Unit Type &amp; Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 SRO/Studio	30%	\$625
11 SRO/Studio	40%	\$833
5 SRO/Studio	50%	\$1,042
5 1 Bedroom	30%	\$668
10 1 Bedroom	40%	\$893
5 1 Bedroom	50%	\$1,116
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$925,230
Construction Costs	\$16,417,436
Rehabilitation Costs	\$0
Construction Contingency	\$901,233
Relocation	\$0
Architectural/Engineering	\$1,000,000
Const. Interest, Perm. Financing	\$1,306,727
Legal Fees	\$180,000
Reserves	\$126,894
Other Costs	\$1,423,080
Developer Fee	\$2,200,000
Commercial Costs	\$0
<b>Total</b>	<b>\$24,480,600</b>

**Residential**

Construction Cost Per Square Foot:	\$521
Per Unit Cost:	\$582,871
True Cash Per Unit Cost*:	\$577,202

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank	\$13,350,498	Citibank	\$1,162,601
LAHD <sup>1</sup> : HOME	\$3,578,110	LAHD <sup>1</sup> : HOME	\$3,975,678
Deferred Costs	\$430,551	General Partner Equity	\$100
General Partner Equity	\$100	Deferred Developer Fee	\$238,123
Deferred Developer Fee	\$1,453,496	Tax Credit Equity	\$19,104,098
Tax Credit Equity	\$5,667,845	<b>TOTAL</b>	<b>\$24,480,600</b>

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

<sup>1</sup>Los Angeles Housing Department

### **Determination of Credit Amount(s)**

Requested Eligible Basis:	\$19,440,383
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$25,272,497
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,274,501
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Alliant Capital
Federal Tax Credit Factor:	\$0.83993

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:	<b>Letter of Support</b>
First:	<b>Seniors</b>
Self-Score Final:	<b>26.001%</b>
CTCAC Final:	<b>26.001%</b>

### **Significant Information / Additional Conditions**

Staff noted the project's pro forma shows cash flow after debt service not meeting CTCAC minimum debt service coverage ratio established by CTCAC Regulations. Pursuant to CTCAC Regulations 10327(g), the shortage of cash flow is within the \$25,000 limit allowed by Committee. The applicant must correct the cash flow shortage in the next updated CTCAC application required by CTCAC, and all subsequent submissions to CTCAC, including the placed-in-service submission for the issuance of the IRS 8609 forms.

**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 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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
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 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
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</b>

**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.**