

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2023 Second Round**

**November 8, 2023**

Central Avenue Apartments, located at 8909-8911 South Central Avenue in Los Angeles, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$7,533,140 in total state tax credits to finance the new construction of 58 units of housing serving special needs tenants with rents affordable to households earning 20%-40% of area median income (AMI). The project will be developed by Abode Communities and will be located in Senate District 57 and Assembly District 33.

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 No Place Like Home (NPLH) and Multifamily Housing Program (MHP) of HCD.

**Project Number** CA-23-092

**Project Name** Central Avenue Apartments  
Site Address: 8909-8911 South Central Avenue  
Los Angeles, CA 90002  
County: Los Angeles  
Census Tract: 2400.2

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,500,000	\$7,533,140
Recommended:	\$2,500,000	\$7,533,140

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

**Applicant Information**

Applicant: Abode Communities  
Contact: Lara Regus  
Address: 1149 South Hill Street, Suite 700  
Los Angeles, CA 90015  
Phone: 213-225-2812  
Email: lregus@abodecommunities.org

General Partner(s) / Principal Owner(s): Central Ave GP, LLC  
General Partner Type: Nonprofit  
Parent Company(ies): Abode Communities  
Developer: Abode Communities  
Investor/Consultant: The California Housing Partnership Corporation  
Management Agent(s): Abode Communities

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 59  
No. & % of Tax Credit Units: 58 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: HOME / HUD Section 8 Project-based Vouchers (30 Units - 52%)

**Information**

Set-Aside: Special Needs  
 Housing Type: Special Needs  
 At least 20% 1-bedroom units and 10% larger than 1-bedroom units  
 Type of Special Needs: Homeless transition age youth  
 Average Targeted Affordability of Special Needs/SRO Project Units: 20.00%  
 % of Special Need Units: 30 units 51.72%  
 Geographic Area: City of Los Angeles  
 CTCAC Project Analyst: Jacob Paixao

**55-Year Use / Affordability**

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 20% AMI:	30	50%
At or Below 30% AMI:	3	5%
At or Below 40% AMI:	25	40%

**Unit Mix**

6 SRO/Studio Units  
 26 1-Bedroom Units  
27 2-Bedroom Units  
 59 Total Units

<u>Unit Type &amp; Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 SRO/Studio	20%	\$441
16 1 Bedroom	20%	\$473
1 SRO/Studio	20%	\$441
4 1 Bedroom	20%	\$473
4 2 Bedrooms	20%	\$567
3 2 Bedrooms	30%	\$851
6 1 Bedroom	40%	\$946
19 2 Bedrooms	40%	\$1,135
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$6,328,237
Construction Costs	\$29,451,013
Rehabilitation Costs	\$0
Construction Contingency	\$3,225,219
Relocation	\$0
Architectural/Engineering	\$1,736,560
Const. Interest, Perm. Financing	\$7,485,241
Legal Fees	\$245,000
Reserves	\$593,926
Other Costs	\$2,094,028
Developer Fee	\$2,200,000
Commercial Costs	\$0
<b>Total</b>	<b>\$53,359,224</b>

**Residential**

Construction Cost Per Square Foot:	\$485
Per Unit Cost:	\$904,394
True Cash Per Unit Cost*:	\$904,394

**Construction Financing**

Source	Amount
Bank of America	\$37,871,777
LAHD: HOME <sup>1</sup>	\$7,931,350
HCD: NPLH	\$3,000,000
Deferred Costs	\$1,823,380
Tax Credit Equity	\$2,732,717

**Permanent Financing**

Source	Amount
Bank of America	\$1,646,000
LAHD: HOME <sup>1</sup>	\$7,931,350
HCD: MHP	\$11,711,305
HCD: NPLH	\$3,100,000
Tax Credit Equity	\$28,970,569
<b>TOTAL</b>	<b>\$53,359,224</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:	\$25,110,467
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$32,643,607
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$7,533,140
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	The California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.90270
State Tax Credit Factor:	\$0.85000

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:	<b>Special Needs</b>
Self-Score Final:	<b>80.211%</b>
CTCAC Final:	<b>80.211%</b>

**Significant Information / Additional Conditions**

Staff noted a per unit development cost of \$904,394. The applicant noted that the high per unit cost is attributed to increased costs relating to interest rates, construction, and insurance. Additionally, the applicant noted carrying costs were higher due to a delay in receiving an award of rental subsidies from HACLA.

**Resyndication and Resyndication Transfer Event:** None.

**Local Reviewing Agency**

The Local Reviewing Agency, City 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 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 3/4 mile of public park or community center open to general public	2	2	2
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 a pharmacy	1	1	1
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
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
<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>
State Credit Substitution	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.**