

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2015 Second Round**  
**October 21, 2015**

PSH Campus, located at the southeast corner of W. Arminta Street and Simpson Avenue in Los Angeles (North Hollywood), CA, requested and is being recommended for a reservation of \$980,662 in annual federal tax credits and \$2,972,595 in total state tax credits to finance the new construction of 49 units of housing serving special needs tenants (chronically homeless individuals) with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by L.A. Family Housing Corporation and will be located in Senate District 18 and Assembly District 39.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and rental assistance from the Los Angeles County Department of Health Services.

**Project Number** CA-15-088

**Project Name** PSH Campus  
 Site Address: Southeast Corner of W. Arminta Street & Simpson Avenue  
 Los Angeles, CA 91605 County: Los Angeles  
 Census Tract: 1218.100

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$980,662	\$2,972,595
Recommended:	\$980,662	\$2,972,595

**Applicant Information**

Applicant: PSH Campus L.P.  
 Contact: Stephanie Klasky-Gamer  
 Address: 7843 Lankershim Blvd.  
 Los Angeles, CA 91605  
 Phone: (818) 982-4091 Fax: (818) 982-3895  
 Email: stephanie@lafh.org

General Partner(s) / Principal Owner(s): L.A. Family Housing Corporation  
 General Partner Type: Nonprofit  
 Parent Company(ies): L.A. Family Housing Corporation  
 Developer: PSH Campus, L.P.  
 Investor/Consultant: California Housing Partnership Corporation  
 Management Agent(s): John Stewart Company

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 50  
 No. & % of Tax Credit Units: 49 0%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HUD Section 8 Project-based Vouchers (37 Units - 75%) / McKinney-Vento  
 Utility Allowance: CUAC  
 Average Targeted Affordability of Special Needs/SRO Project Units: 39.80%  
 Affordability Breakdown by Units and % (Lowest Income Points):  
 30% AMI: 25 50 %  
 50% AMI: 24 40 %

**Information**

Set-Aside: N/A  
 Housing Type: Special Needs  
 Type of Special Needs: Homeless  
 % of Special Need Units: 49 units 100%  
 Geographic Area: City of Los Angeles  
 TCAC Project Analyst: Jack Waegell

**Unit Mix**

49 SRO/Studio Units  
 1 2-Bedroom Units  


---

 50 Total Units

<u>Unit Type &amp; Number</u>	<u>2015 Rents Targeted % of Area Median Income</u>	<u>2015 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
25 SRO/Studio	30%	30%	\$436
12 SRO/Studio	50%	50%	\$726
12 SRO/Studio	50%	50%	\$726
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$356,479
Construction Costs	\$11,639,509
Rehabilitation Costs	\$0
Construction Contingency	\$601,000
Relocation	\$0
Architectural/Engineering	\$874,570
Construction Interest, Perm Financing	\$899,690
Legal Fees, Appraisals	\$79,000
Reserves	\$408,800
Other Costs	\$996,280
Developer Fee	\$2,000,000
Commercial Costs	\$0
<b>Total</b>	<b>\$17,855,328</b>

**Project Financing**

Estimated Total Project Cost:	\$17,855,328
Estimated Residential Project Cost:	\$17,855,328

**Residential**

Construction Cost Per Square Foot:	\$348
Per Unit Cost:	\$357,107

**Construction Financing**

Source	Amount
US Bank	\$11,418,560
HCIDLA - AHTF/McKinney-Vento	\$1,900,000
Los Angeles County CDC	\$1,600,000
Deferred Costs	\$1,123,800
Deferred Developer Fee	\$600,000
GP Equity	\$100
Tax Credit Equity	\$1,212,868

**Permanent Financing**

Source	Amount
Los Angeles County CDC	\$1,600,000
HCIDLA - AHTF/McKinney Vento	\$1,900,000
AHP	\$1,000,000
Deferred Developer Fee	\$600,000
GP Equity	\$100
Tax Credit Equity	\$12,755,228
<b>TOTAL</b>	<b>\$17,855,328</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$9,908,649
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis Credit Reduction (1%)	\$128,813
Qualified Basis:	\$12,752,431
Applicable Rate:	7.69%
Total Maximum Annual Federal Credit:	\$980,662
Total State Credit:	\$2,972,595
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$1.08286
State Tax Credit Factor:	\$0.71857

Per Regulation Section 10322(i)(4)(A), 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, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$9,908,649
Actual Eligible Basis:	\$16,072,143
Unadjusted Threshold Basis Limit:	\$8,608,466
Total Adjusted Threshold Basis Limit:	\$12,707,317

**Adjustments to Basis Limit:**

- Required to Pay Prevailing Wages
- Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels
- 100% of Units for Special Needs Population
- One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:
  - Project has onsite renewable generation estimated to produce 50% or more of annual electricity use as indicated in TCAC Regulations.
  - Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all common areas
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

Initial:	<b>Letter of Support</b>
First:	<b>Special Needs</b>
Second:	<b>38.854%</b>

**Cost Analysis and Line Item Review**

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 7.69% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

**Special Issues/Other Significant Information:** The applicant submitted CUAC report for the utility allowances in the application. However, the owner is paying for all of the project's utilities.

**Legal Status:** Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

**Local Reviewing Agency:**

The Local Reviewing Agency, the City of Los Angeles Housing and Community Development Department, has completed a site review of this project and strongly supports this project.

**Recommendation:** Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

**Federal Tax Credits/Annual**  
**\$980,662**

**State Tax Credits/Total**  
**\$2,972,595**

**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.

TCAC 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 TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC 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 TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC 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 TCAC 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 ten 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)(6) 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.

**Additional Conditions:** None.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>19</b>
Credit Reduction	20	1	1
Public Funds	20	19	18
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
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 ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ¼ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ½ mile of medical clinic or hospital	3	3	3
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>SPECIAL NEEDS HOUSING TYPE</b>			
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Health/behavioral services provided by licensed org. or individual	5	5	5
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>NEW CONSTRUCTION</b>			
Develop project in accordance w/ requirements of: LEED	5	5	5
Develop project to requirements of: LEED Gold	5	5	5
Energy efficiency beyond CA Building Code Title 24 requirements: 32.5%	3	3	0
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</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>148</b>	<b>148</b>	<b>147</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.**