

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2016 First Round**  
**June 8, 2016**

Rolland Curtis East, located at 1077 W. 38th Street in Los Angeles, requested and is being recommended for a reservation of \$2,004,992 in annual federal tax credits to finance the new construction of 69 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Abode Communities and will be located in Senate District 30 and Assembly District 59.

The project financing includes state funding from the IIG, AHSC, and HRI programs of HCD.

**Project Number** CA-16-058

**Project Name** Rolland Curtis East  
 Site Address: 1077 W. 38th St.  
 Los Angeles, CA 90037 County: Los Angeles  
 Census Tract: 2312.200

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,004,992	\$0
Recommended:	\$2,004,992	\$0

**Applicant Information**

Applicant: Rolland Curtis East, L.P.  
 Contact: Lara Regus  
 Address: 1149 S. Hill St., Suite 700  
 Los Angeles, CA 90015  
 Phone: (213) 225-2812 Fax: (213) 225-2709  
 Email: lregus@abodecommunities.org

General Partner(s) / Principal Owner(s): Rolland Curtis East, LLC  
 General Partner Type: Nonprofit  
 Parent Company(ies): Abode Communities  
 Developer: Abode Communities  
 Investor/Consultant: California Housing Partnership Corporation  
 Management Agent(s): Abode Communities

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 70  
 No. & % of Tax Credit Units: 69 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: N/A  
 Affordability Breakdown by Units and % (Lowest Income Points):  
     30% AMI: 14 20 %  
     40% AMI: 7 10 %  
     50% AMI: 28 40 %

**Information**

Set-Aside: N/A  
 Housing Type: Large Family  
 Geographic Area: City of Los Angeles  
 TCAC Project Analyst: Connie Harina

**Unit Mix**

6 1-Bedroom Units  
 43 2-Bedroom Units  
21 3-Bedroom Units  
 70 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>
1 1 Bedroom	30%	30%	\$466
1 1 Bedroom	40%	40%	\$622
3 1 Bedroom	50%	50%	\$778
1 1 Bedroom	60%	60%	\$934
9 2 Bedrooms	30%	30%	\$559
4 2 Bedrooms	40%	40%	\$747
17 2 Bedrooms	50%	50%	\$933
12 2 Bedrooms	60%	60%	\$1,120
4 3 Bedrooms	30%	30%	\$647
2 3 Bedrooms	40%	40%	\$863
8 3 Bedrooms	50%	50%	\$1,079
7 3 Bedrooms	60%	60%	\$1,294
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$4,600,417
Construction Costs	\$17,631,684
Rehabilitation Costs	\$0
Construction Contingency	\$1,802,778
Relocation	\$504,168
Architectural/Engineering	\$1,144,511
Const. Interest, Perm. Financing	\$1,667,968
Legal Fees, Appraisals	\$113,560
Reserves	\$167,877
Other Costs	\$1,760,689
Developer Fee	\$2,000,000
Commercial Costs	\$0
<b>Total</b>	<b>\$31,393,652</b>

**Project Financing**

Estimated Total Project Cost:	\$31,393,652
Estimated Residential Project Cost:	\$31,393,652
Estimated Commercial Project Cost	\$0

**Residential**

Construction Cost Per Square Foot:	\$287
Per Unit Cost:	\$448,481
Effective Per Unit Cost*:	\$439,909

**Construction Financing**

Source	Amount
Wells Fargo	\$24,864,862
HCD - IIG	\$2,280,000
HCD - AHSC (HRI) Grant	\$801,830
General Partner Equity	\$100
Deferred Costs	\$757,576
Deferred Developer Fee	\$600,000
Tax Credit Equity	\$2,089,284

**Permanent Financing**

Source	Amount
Wells Fargo	\$2,967,700
HCD - IIG	\$2,280,000
HCD - AHSC (HRI) Grant	\$801,830
HCD - AHSC Loan	\$2,753,169
General Partner Equity	\$100
Deferred Developer Fee	\$600,000
Tax Credit Equity	\$21,990,853
<b>TOTAL</b>	<b>\$31,393,652</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$17,742,262
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis Credit Reduction (2%)	\$461,299
Qualified Basis:	\$22,603,642
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,004,992
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:	\$1.09681

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:	\$17,742,262
Actual Eligible Basis:	\$22,041,952
Unadjusted Threshold Basis Limit:	\$17,426,010
Total Adjusted Threshold Basis Limit:	\$24,078,518

**Adjustments to Basis Limit**

- Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages
- Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

Initial:	<b>Letter of Support</b>
First:	<b>Large Family</b>
Final:	<b>26.886%</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 9.0% 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 site is currently improved with six 2-story apartment buildings totaling 48 units. The relocation of the existing 48 families will be required once construction begins. A relocation plan has been submitted to TCAC and the Los Angeles Housing and Community Investment Department (HCIDLA).

**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, 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$2,004,992</b>	<b>\$0</b>

**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>20</b>
Credit Reduction	20	2	2
Public Funds	20	18	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 ½ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of a neighborhood market of at least 5,000 sf	3	3	3
Within ¾ mile of a public elementary school W/I attendance boundary	2	2	2
<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
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: LEED	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 units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>15</b>	<b>15</b>	<b>15</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>138</b>	<b>138</b>	<b>138</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.**