

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2024 First Round

May 15, 2024

Piedmont Glendale, located at 426 Piedmont Avenue and 507 Naranja Drive in Glendale, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits to finance the adaptive reuse of 67 units of housing serving seniors with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by EAH Inc. and will be located in Senate District 25 and Assembly District 52.

Project Number CA-24-028

Project Name Piedmont Glendale
Site Address: 426 Piedmont Avenue and 507 Naranja Drive
Glendale, CA 91206
County: Los Angeles
Census Tract: 3019.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$0

Applicant Information

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

Project Information

Construction Type: Adaptive Reuse
Total # Residential Buildings: 2
Total # of Units: 68
No. & % of Tax Credit Units: 67 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: None.

Information

Set-Aside: N/A
 Housing Type: Seniors
 Geographic Area: Balance of Los Angeles County
 CTCAC Project Analyst: Ruben Barcelo

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:	21	30%
At or Below 50% AMI:	33	40%
At or Below 60% AMI:	13	15%

Unit Mix

20 SRO/Studio Units
47 1-Bedroom Units
1 2-Bedroom Unit
<u>68 Total Units</u>

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
16 SRO/Studio	30%	\$515
4 SRO/Studio	50%	\$1,031
5 1 Bedroom	30%	\$589
29 1 Bedroom	50%	\$1,178
13 1 Bedroom	60%	\$1,419
1 2 Bedrooms	Manager Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$11,964,183
Construction Costs	\$14,617,783
Rehabilitation Costs	\$0
Construction Contingency	\$1,441,893
Relocation	\$0
Architectural/Engineering	\$1,133,480
Const. Interest, Perm. Financing	\$3,133,046
Legal Fees	\$130,000
Reserves	\$174,738
Other Costs	\$1,336,903
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$36,432,026

Residential

Construction Cost Per Square Foot:	\$308
Per Unit Cost:	\$535,765
True Cash Per Unit Cost*:	\$360,765

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
U.S. Bank	\$17,926,018	Glendale: Seller Carryback	\$11,900,000
Glendale: Seller Carryback	\$11,900,000	Glendale Housing Authority	\$2,181,500
Glendale Housing Authority	\$2,181,500	General Partner Equity	\$100
Deferred Costs	\$2,207,618	Tax Credit Equity	\$22,350,426
General Partner Equity	\$100	TOTAL	\$36,432,026
Tax Credit Equity	\$2,216,790		

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$23,292,813
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$30,280,657
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.89402

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:	Seniors
Self-Score Final:	60.163%
CTCAC Final:	60.163%

Significant Information / Additional Conditions

This project is an adaptive reuse of an existing senior assisted-living facility that is comprised of two currently vacant adjacent buildings with a total of 112 bedrooms. The project will convert this facility into 68 units of senior affordable housing comprised of 21 studios, 46 one-bedroom units, and 1 two-bedroom manager unit.

This project has received a waiver from the Executive Director allowing the project to include 20 one-bedroom units that are smaller than 450 square feet, but no smaller than 400 square feet, in accordance with CTCAC regulations section 10325(g)(2)(E).

The applicant’s estimate of contractor profit, overhead and general requirement costs exceeds the CTCAC limit of 14%. The applicant is cautioned that at final review, prior to the issuance of the IRS 8609 forms, any costs or eligible basis that exceeds the limits will not be allowed.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, City of Glendale, 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 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 full-scale grocery/supermarket of at least 25,000 sf	5	5	5
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			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
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
State Credit Substitution	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.