

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2024 First Round

May 15, 2024

Willowbrook 3, located at 12611, 12617, and 12625 South Willowbrook Avenue in Compton, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$5,698,908 in total state tax credits to finance the new construction of 50 units of housing serving special needs tenants with rents affordable to households earning 30% of area median income (AMI). The project will be developed by Linc Housing Corporation and will be located in Senate District 35 and Assembly District 65.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-24-032

Project Name Willowbrook 3
Site Address: 12611, 12617, and 12625 South Willowbrook Avenue
Compton, CA 90222
County: Los Angeles
Census Tract: 5414.01

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,500,000	\$5,698,908
Recommended:	\$2,500,000	\$5,698,908

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

Applicant Information

Applicant: Linc Housing Corporation
Contact: Cecilia Ngo
Address: 3590 Elm Avenue
Long Beach, CA 90807
Phone: 562-684-1100
Email: cngo@linchousing.org

General Partner(s) / Principal Owner(s): Linc WB-3 Apts, LLC
General Partner Type: Nonprofit
Parent Company(ies): Linc Housing Corporation
Developer: Linc Housing Corporation
Investor/Consultant: Raymond James Housing Investments, Inc.
Management Agent(s): Aperto Property Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 51
No. & % of Tax Credit Units: 50 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (50 Units - 100%)

Information

Set-Aside: Nonprofit (Homeless assistance)
 Housing Type: Special Needs
 Type of Special Needs: Homeless
 Average Targeted Affordability of Special Needs Project Units: 30.00%
 % of Special Need Units: 50 units 100.00%
 Geographic Area: N/A
 CTCAC Project Analyst: Nick White

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:	50	80%

Unit Mix

50 1-Bedroom Units
1 2-Bedroom Units
<u>51 Total Units</u>

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
50 1 Bedroom	30%	\$709
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,939,104
Construction Costs	\$24,260,232
Rehabilitation Costs	\$0
Construction Contingency	\$1,547,694
Relocation	\$0
Architectural/Engineering	\$1,314,544
Const. Interest, Perm. Financing	\$4,853,492
Legal Fees	\$100,000
Reserves	\$256,961
Other Costs	\$1,972,955
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$40,744,982

Residential

Construction Cost Per Square Foot:	\$494
Per Unit Cost:	\$798,921
True Cash Per Unit Cost*:	\$769,723

Construction Financing

Permanent Financing

<u>Source</u>	<u>Amount</u>
Bank of America	\$28,172,527
LACDA ¹ General Fund	\$6,895,000
LA County: Land Donation	\$1,200,000
Fee Waiver	\$289,106
Deferred Costs	\$1,672,661
Tax Credit Equity	\$2,515,688

<u>Source</u>	<u>Amount</u>
Bank of America	\$5,389,000
LACDA ¹ General Fund	\$7,000,000
LA County: Land Donation	\$1,200,000
Fee Waiver	\$289,106
Tax Credit Equity	\$26,866,876
TOTAL	\$40,744,982

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

¹Los Angeles County Development Authority

Determination of Credit Amount(s)

Requested Eligible Basis:	\$34,184,251
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$44,439,526
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$5,698,908
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	Raymond James Housing Investments, Inc.
Federal Tax Credit Factor:	\$0.89231
State Tax Credit Factor:	\$0.80000

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:	Special Needs
Self-Score Final:	63.821%
CTCAC Final:	63.821%

Significant Information / Additional Conditions

Development costs are roughly \$769,723 per unit. Applicant noted the factors affecting this cost includes the demolition of two existing buildings, security for the existing vacant buildings, and prevailing wages.

The applicant's estimate of the 3-month operating reserve shown in the application development budget is below CTCAC's minimum. Pursuant to CTCAC Regulation Section 10327(a), initial application errors of the greater of 50% of the contingency line item or \$100,000 shall be deemed covered by the contingency line item. However, at the submission of the next updated application required by CTCAC, and all subsequent submissions to CTCAC, including the placed-in-service submission for the issuance of the IRS 8609 forms, the applicant must fund the 3-month operating reserve at a level that meets the requirement of regulation section 10327(c)(7)(B).

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, Los Angeles County Development Authority, 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 1/2 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 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1 mile of medical clinic or hospital	2	2	2
Within 1 mile of a pharmacy	1	1	1
Service Amenities	10	10	10
SPECIAL NEEDS, SRO HOUSING TYPES			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
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
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.