

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2024 First Round**

**May 15, 2024**

Normandie Villas Apartments, located at 2633 Normandie Avenue in Los Angeles, requested and is being recommended for a reservation of \$1,045,752 in annual federal tax credits and \$3,449,726 in total state tax credits to finance the acquisition and rehabilitation of 24 units of housing serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Community Preservation Partners and is located in Senate District 28 and Assembly District 55.

The project is currently at-risk, but is being recommended for a reservation of tax credits that will preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

**Project Number** CA-24-036

**Project Name** Normandie Villas Apartments  
**Site Address:** 2633 Normandie Avenue  
Los Angeles, CA 90007  
**County:** Los Angeles  
**Census Tract:** 2222

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$1,045,752	\$3,449,726
Recommended:	\$1,045,752	\$3,449,726

\* The applicant made an election not to sell (Certificate) any portion of the state credits.

**Applicant Information**

**Applicant:** Normandie Villas Community Partners, LP  
**Contact:** Seth Gellis  
**Address:** 17782 Sky Park Circle  
Irvine, CA 92614  
**Phone:** 949-278-3658  
**Email:** sgellis@cpp-housing.com

**General Partner(s) / Principal Owner(s):** CPP - Normandie Villas GP, LLC, a California limited liability company  
FFAH V Normandie Villas, LLC

**General Partner Type:** Joint Venture  
**Parent Company(ies):** WNC Development Partners 4, LLC  
Foundation for Affordable Housing V, Inc.

**Developer:** Community Preservation Partners  
**Investor/Consultant:** WNC & Associates, Inc  
**Management Agent(s):** FPI Management Corporation

**Project Information**

Construction Type: Acquisition and Rehabilitation  
 Total # Residential Buildings: 4  
 Total # of Units: 25  
 No. & % of Tax Credit Units: 24 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HUD Section 8 Project-based Vouchers (25 Units - 100%)

**Information**

Set-Aside: At-Risk  
 Housing Type: At-Risk  
 Geographic Area: City of Los Angeles  
 CTCAC Project Analyst: Brett Andersen

**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:	3	10%
At or Below 40% AMI:	4	15%
At or Below 50% AMI:	11	40%
At or Below 60% AMI:	6	25%

**Unit Mix**

15 2-Bedroom Units
10 3-Bedroom Units
<u>25 Total Units</u>

<u>Unit Type &amp; Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 2 Bedrooms	30%	\$851
1 3 Bedrooms	30%	\$983
3 2 Bedrooms	40%	\$1,135
1 3 Bedrooms	40%	\$1,311
6 2 Bedrooms	50%	\$1,418
5 3 Bedrooms	50%	\$1,639
3 2 Bedrooms	60%	\$1,702
3 3 Bedrooms	60%	\$1,967
1 2 Bedrooms	Manager's Unit	\$2,940

## **Project Cost Summary at Application**

Land and Acquisition	\$11,520,000
Construction Costs	\$0
Rehabilitation Costs	\$3,489,000
Construction Contingency	\$498,900
Relocation	\$62,500
Architectural/Engineering	\$185,000
Const. Interest, Perm. Financing	\$2,082,738
Legal Fees	\$112,500
Reserves	\$214,000
Other Costs	\$947,831
Developer Fee	\$1,407,296
Commercial Costs	\$0
<b>Total</b>	<b>\$20,519,765</b>

## **Residential**

Construction Cost Per Square Foot:	\$130
Per Unit Cost:	\$820,791
True Cash Per Unit Cost*:	\$820,791

### **Construction Financing**

<u>Source</u>	<u>Amount</u>
Citibank	\$17,078,320
Net Operating Income	\$1,062,547
Tax Credit Equity	\$2,378,898

### **Permanent Financing**

<u>Source</u>	<u>Amount</u>
Citibank	\$7,831,000
Net Operating Income	\$794,274
Tax Credit Equity	\$11,894,491
<b>TOTAL</b>	<b>\$20,519,765</b>

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

## **Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$6,970,372
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$10,460,463
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$6,970,372
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$10,460,463
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$627,333
Maximum Annual Federal Credit, Acquisition:	\$418,419
Total Maximum Annual Federal Credit:	\$1,045,752
Total State Credit:	\$3,449,726
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,407,296
Investor/Consultant:	WNC & Associates, Inc
Federal Tax Credit Factor:	\$0.89000
State Tax Credit Factor:	\$0.75000

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**

Initial:	<b>Letter of Support</b>
First:	<b>At-Risk</b>
Self-Score Final:	<b>31.052%</b>
CTCAC Final:	<b>31.052%</b>

**Significant Information / Additional Conditions**

Staff noted a per unit cost of \$820,791 per unit. The applicant noted that this is due to the small unit count and the scope of work required to complete renovations, as well as costs for legal counsel, third-party reports, and other soft costs.

The applicant has requested and been granted a waiver to reduce the 10% mobility feature requirement under CTCAC Regulation Section 10325(f)(7)(K) down to 8%.

**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 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 minutes in rush hours	6	6	6
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 3/4 mile of a public elementary school	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
<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>
Smoke Free Residence	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.**