

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2024 First Round

May 15, 2024

The project, 300 Alamitos, located at 900 4th Street and 300 Alamitos Avenue in Long Beach, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$10,944,628 in total state tax credits to finance the new construction of 81 units of housing serving seniors with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Mercy Housing 112, LP and will be located in Senate District 33 and Assembly District 69.

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

Project Number CA-24-054

Project Name 300 Alamitos
Site Address: 900 4th Street and 300 Alamitos Avenue
Long Beach, CA 90802
County: Los Angeles
Census Tract: 5765.01

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,500,000	\$10,944,628
Recommended:	\$2,500,000	\$10,944,628

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

Applicant Information

Applicant: Mercy Housing California 112, L.P., A California Limited Partnership
Contact: Erika Villablanca
Address: 1500 S. Grand Ave.
Los Angeles, CA 90015
Phone: 213-743-5826
Email: evillablanca@mercyhousing.org

General Partner(s) / Principal Owner(s): Mercy Housing 112 LLC
CTY Housing, LLC
General Partner Type: Joint Venture
Parent Company(ies): Mercy Housing Calwest
CTY Housing, Inc.
Developer: Mercy Housing 112, LP
Investor/Consultant: California Housing Partnership
Management Agent(s): Mercy Housing Management Group

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 82
 No. & % of Tax Credit Units: 81 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD-VASH Project-based Vouchers (20 Units - 25%) / HUD Section 8 Project-Based Vouchers (20 Units - 25%)

Information

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

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:	40	45%
At or Below 50% AMI:	33	40%
At or Below 60% AMI:	8	5%

Unit Mix

81 1-Bedroom Units
<u>1 2-Bedroom Units</u>
82 Total Units

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
12 1 Bedroom	30%	\$512
8 1 Bedroom	30%	\$709
20 1 Bedroom	30%	\$709
33 1 Bedroom	50%	\$1,182
8 1 Bedroom	60%	\$1,419
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$6,319,130
Construction Costs	\$32,642,139
Construction Contingency	\$2,547,141
Relocation	\$30,000
Architectural/Engineering	\$2,503,298
Const. Interest, Perm. Financing	\$5,276,957
Legal Fees	\$140,000
Reserves	\$475,992
Other Costs	\$2,224,810
Developer Fee	\$2,500,000
Total	\$54,659,467

Residential

Construction Cost Per Square Foot:	\$527
Per Unit Cost:	\$666,579
True Cash Per Unit Cost*:	\$666,579

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
JPMorgan Chase Bank	\$32,096,608	JPMorgan Chase	\$4,487,000
National Housing Trust Fund	\$12,264,088	National Housing Trust Fund	\$13,626,765
Long Beach Investment Co.	\$5,000,000	Long Beach Investment Co.	\$5,000,000
Deferred Costs	\$2,333,201	Tax Credit Equity	\$31,545,702
Tax Credit Equity	\$2,965,570	TOTAL	\$54,659,467

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$36,482,093
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$36,482,093
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$10,944,628
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.91160
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:	Seniors
Self-Score Final:	66.632%
CTCAC Final:	66.632%

Significant Information / Additional Conditions

Staff noted a per-unit cost of \$666,57. The applicant noted that this project's cost is due to structural costs associated with tuck-under parking, underground utilities and removal of existing utility poles. Additionally, the project is subject to environmental mitigation, off-site improvement, and prevailing wage requirements.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

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 station or public bus stop	4	4	4
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 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Senior project within 1/2 mile of daily operated senior center/facility	3	3	3
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. 60 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
Enhanced Accessibility and Visitability	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.