CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
August 6, 2024

Witmer Manor , located at 1501 Miramar Street in Los Angeles on a 1.37 acre site, requested and is being recommended for a reservation of $3,404,747 in annual federal tax credits and $42,207,981 of tax-exempt bond cap to finance the acquisition & rehabilitation of 238 units of housing, consisting of 236 restricted rental units, and 2 unrestricted manager's units. The project has 142 studio units, and 96 one-bedroom units, serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of renewing roofing, windows, upgraded heat pumps, and new LED lighting throughtout. Interior renovations will include laundry upgrades, corridor flooring replacement, drywall and painting repairs. Individual apartment units will be updated with kitchen updates, vanity replacements, vinyl plank flooring, drywall repairs, new paint, bathroom upgrades and replacements, new energy efficient appliances, new blinds, as well as new LED interior lighting. Lastly, common or site area renovations will consist of ADA accessibility repairs, new mailboxes, new lighting in the parking garage, and updates to courtyard amenities. The construction is expected to begin in October 2024 and be completed in October 2025. The project will be developed by Community Preservation Partners, LLC and is located in Senate District 26 and Assembly District 54.

Witmer Manor is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Witmer Manor Preservation Project (CA-2004-860). See Resyndication and Resyndication Transfer Event below for additional information. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-24-442

Project Name Witmer Manor
Site Address: 1501 Miramar Street
Los Angeles, CA 90026
County: Los Angeles
Census Tract: 2083.02

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$3,404,747	$0
Recommended:	$3,404,747	$0

Tax-Exempt Bond Allocation
Recommended: $42,207,981

CTCAC Applicant Information

CTCAC Applicant / CDLAC Sponsor:	Witmer Manor Community Partners, LP
Contact:	Seth Gellis
Address:	17782 Sky Park Circle Irvine, CA 92614
Phone:	949-278-3658
Email:	sgellis@cpp-housing.com

Bond Financing Information

CDLAC Applicant/Bond Issuer:	California Municipal Finance Authority
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser:	Citibank, N.A.

Development Team

General Partner(s) or Principal Owner(s):	Witmer Manor GP, LLC FFAH V Witmer Manor, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	WNC Development Partners 4, LLC Foundation for Affordable Housing V, Inc
Developer:	Community Preservation Partners, LLC
Investor/Consultant:	WNC & Associates
Management Agent:	FPI Management Corporation

Project Information

Construction Type:	Acquisition & Rehabilitation	
Total # Residential Buildings:	8	
Total # of Units:	238	
No. / % of Low Income Units:	236	100.00%
Average Targeted Affordability:	49.45%	
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (236 Units - 99%)	

Information

Housing Type:	Non-Targeted
Geographic Area:	City of Los Angeles
State Ceiling Pool:	Other Rehabilitation
CDLAC Project Analyst:	Danielle Stevenson
CTCAC Project Analyst:	Dylan Hervey

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	83	35%
60% AMI:	153	65%

Unit Mix

142	SRO/Studio Units
96	1-Bedroom Units
238	Total Units

Unit Type & Number		2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
94	SRO/Studio	60%	$1,324
2	1 Bedroom	60%	$1,418
57	1 Bedroom	60%	$1,418
3	1 Bedroom	30%	$709
47	SRO/Studio	30%	$662
33	1 Bedroom	30%	$709
1	1 Bedroom	Manager’s Unit	$0
1	SRO/Studio	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$48,450,000
Rehabilitation Costs	$17,888,449
Construction Hard Cost Contingency	$1,806,710
Soft Cost Contingency	$150,000
Relocation	$595,000
Architectural/Engineering	$358,300
Const. Interest, Perm. Financing	$7,762,664
Legal Fees	$215,000
Reserves	$1,357,000
Other Costs	$542,482
Developer Fee	$6,203,268
Total	**$85,328,873**

Residential

Construction Cost Per Square Foot:	$157
Per Unit Cost:	$358,525
Estimated Hard Per Unit Cost:	$65,273
True Cash Per Unit Cost*:	$340,268
Bond Allocation Per Unit:	$177,344
Bond Allocation Per Restricted Rental Unit:	$178,847

Construction Financing

Source	Amount
Citibank: Tax-Exempt	$42,207,981
Citibank: Taxable	$31,011,475
Net Operating Income	$928,217
Seller Credit	$800,000
Deferred Developer Fee	$4,345,177
General Partner Equity	$43,669
Tax Credit Equity	$5,992,354

Permanent Financing

Source	Amount
Citibank: Tax-Exempt	$42,207,981
Citibank: Taxable	$7,042,060
Net Operating Income	$928,217
Seller Credit	$800,000
Deferred Developer Fee	$4,345,177
General Partner Equity	$43,669
Tax Credit Equity	$29,961,769
TOTAL	**$85,328,873**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$31,367,178
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$44,349,842
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$40,777,331
Qualified Basis (Acquisition):	$44,349,842
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$1,630,753
Maximum Annual Federal Credit, Acquisition:	$1,773,994
Total Maximum Annual Federal Credit:	$3,404,747
Approved Developer Fee (in Project Cost & Eligible Basis):	$6,203,268
Investor/Consultant:	WNC & Associates
Federal Tax Credit Factor:	$0.88000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, 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. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

CTCAC Significant Information / Additional Conditions
The applicant has requested and been granted a waiver under TCAC Regulation Section 10325(f)(7)(K) to reduce the 10% mobility feature requirement down to 5%, to provide fully compliant units with mobility features, to provide accessible parking, and to provide an accessible commmon use landry room.

CDLAC Analyst Comments
None

Resyndication and Resyndication Transfer Event
Prior to closing, the applicant or its assignee shall obtain CTCAC's consent to assign and assume the existing Regulatory Agreement (CA-04-860). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement and any deeper targeting levels in the new regulatory agreement for the duration of the new regulatory agreement.
• Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-04-860) is a qualified low-income household for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is a re-syndication occurring concurrently with a Transfer Event with distribution of Net Project Equity, which is otherwise required to set aside a Short Term Work Capitalized Replacement Reserve in the amount of $1,233,125. In lieu of a Short Term Work Capitalized Reserve, the seller of the project will give a credit in the amount of $800,000, allowing the applicant to use Short Term Work Reserve Amount to fund rehabilitation expenses and to receive eligible basis. The Short Term Work Reserve Amount of $433,125 is excluded from eligible basis.

Standard Conditions
If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

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 reservation 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.

CDLAC Additional Conditions
The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC’s Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).

Point Criteria	New Const. Max. Points	Rehabilitation Max. Points	Points Scored
Preservation and Other Rehabilitation Project Priorities	0	20	20
New Construction Density and Local Incentives	10	0	0
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	0
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	0
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	110

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

Tie Breaker: 164.702%