

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2024 Second Round

October 2, 2024

The Garvey, located at 1434 West Compton Boulevard in Compton, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits to finance the new construction of 74 units of housing serving special needs tenants with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by Coalition for Responsible Community Development 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. The project financing includes state funding from the Housing for a Healthy California (HHC) program of HCD.

Project Number CA-24-071

Project Name The Garvey
Site Address: 1434 West Compton Boulevard
Compton, CA 90220
County: Los Angeles
Census Tract: 5429

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

Applicant Information

Applicant: Coalition for Responsible Community Development
Contact: Van Scott
Address: 3101 South Grand Avenue
Los Angeles, CA 90007
Phone: 310-422-2561
Email: van@crcdpartners.com

General Partner(s) / Principal Owner(s): CRCD LLC
General Partner Type: Nonprofit
Parent Company(ies): Coalition for Responsible Community Development
Developer: Coalition for Responsible Community Development
Investor/Consultant: Enterprise Housing Credit Investments
Management Agent(s): The John Stewart Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 75
No. & % of Tax Credit Units: 74 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: National Housing Trust Fund (NHTF) / HUD Section 8 Project-based Vouchers (74 Units - 100%)

Information

Set-Aside: Special Needs
 Housing Type: Special Needs
 At least 20% 1-bedroom units and 10% larger than 1-bedroom units
 Type of Special Needs: Homeless
 Average Targeted Affordability of Special Needs Project Units: 30.00%
 % of Special Need Units: 37 units 50.00%
 Geographic Area: N/A
 CTCAC Project Analyst: Sopida Steinwert

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:	37	50%
At or Below 50% AMI:	37	40%

Unit Mix

30 SRO/Studio Units
 27 1-Bedroom Units
18 2-Bedroom Units
 75 Total Units

<u>Unit Type & Number</u>	<u>2024 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
30 SRO/Studio	30%	\$728
5 1 Bedroom	30%	\$780
2 2 Bedrooms	30%	\$936
22 1 Bedroom	50%	\$1,300
15 2 Bedrooms	50%	\$1,560
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,824,113
Construction Costs	\$35,773,406
Rehabilitation Costs	\$0
Construction Contingency	\$3,982,652
Relocation	\$0
Architectural/Engineering	\$2,936,154
Const. Interest, Perm. Financing	\$3,683,068
Legal Fees	\$595,000
Reserves	\$665,136
Other Costs	\$1,841,000
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$56,800,529

Residential

Construction Cost Per Square Foot:	\$584
Per Unit Cost:	\$757,340
True Cash Per Unit Cost*:	\$688,523

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank	\$20,925,000	Citibank	\$7,000,000
HCD: HHC	\$6,700,000	HCD: HHC	\$6,700,000
HCD: NHTF	\$15,441,359	HCD: NHTF	\$15,441,359
Land Donation	\$4,100,000	Land Donation	\$4,100,000
Deferred Costs	\$665,136	Deferred Developer Fee	\$1,061,320
Deferred Developer Fee	\$1,908,244	General Partner Equity	\$100
Tax Credit Equity	\$7,060,690	Tax Credit Equity	\$22,497,750
General Partner Equity	\$100	TOTAL	\$56,800,529

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$27,777,777
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,777
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:	Enterprise Housing Credit Investments
Federal Tax Credit Factor:	\$0.89991

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:	84.701%
CTCAC Final:	84.665%

Significant Information / Additional Conditions

Staff noted a per unit development cost of \$757,340, The applicant noted that the per unit cost is attributed to prevailing wage requirements, labor shortages, and inflation impacts due to high volume of affordable housing under construction in the Los Angeles area.

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 1/2 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 3/4 mile of public park or community center open to general public	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 an adult education campus or community college	3	3	3
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
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
SPECIAL NEEDS, SRO HOUSING TYPES			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Health/behavioral services provided by licensed org. or individual	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
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.