

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2024 Second Round**

**October 2, 2024**

Casa Longwood, located at 2535 South Longwood Avenue in Los Angeles, requested and is being recommended for a reservation of \$547,138 in annual federal tax credits to finance the acquisition and rehabilitation of 19 units of housing serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Valued Housing II, LLC 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 Contract.

**Project Number** CA-24-083

**Project Name** Casa Longwood  
Site Address: 2535 South Longwood Avenue  
Los Angeles, CA 90016  
County: Los Angeles  
Census Tract: 2197.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$547,138	\$0
Recommended:	\$547,138	\$0

**Applicant Information**

Applicant: Casa Longwood II, L.P.  
Contact: Peter Barker  
Address: 1101 East Orangewood Avenue, Suite 200  
Anaheim, CA 92805  
Phone: 714-533-3450  
Email: pbarker@barkermgt.com

General Partner(s) / Principal Owner(s): Lutheran Gardens Corp.  
VH Acquisitions III, LLC  
General Partner Type: Joint Venture  
Parent Company(ies): Lutheran Gardens Corp.  
Valued Housing II LLC  
Developer: Valued Housing II, LLC  
Investor/Consultant: R4 Capital LLC  
Management Agent(s): Barker Management, Inc.

**Project Information**

Construction Type: Acquisition and Rehabilitation  
Total # Residential Buildings: 1  
Total # of Units: 20  
No. & % of Tax Credit Units: 19 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: HUD Section 8 Project-based Contract (19 Units - 100%)

**Information**

Set-Aside: At-Risk  
Housing Type: At-Risk  
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:	2	10%
At or Below 40% AMI:	3	15%
At or Below 50% AMI:	8	40%
At or Below 60% AMI:	6	30%

**Unit Mix**

8 SRO/Studio Units
10 1-Bedroom Units
<u>2 2-Bedroom Units</u>
20 Total Units

<u>Unit Type &amp; Number</u>	<u>2024 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	30%	\$780
1 2 Bedrooms	30%	\$936
1 SRO/Studio	40%	\$971
2 1 Bedroom	40%	\$1,040
4 SRO/Studio	50%	\$1,213
4 1 Bedroom	50%	\$1,300
3 SRO/Studio	60%	\$1,456
3 1 Bedroom	60%	\$1,560
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$5,490,000
Construction Costs	\$0
Rehabilitation Costs	\$2,068,289
Construction Contingency	\$281,827
Relocation	\$215,215
Architectural/Engineering	\$306,000
Const. Interest, Perm. Financing	\$785,675
Legal Fees	\$250,000
Reserves	\$214,520
Other Costs	\$820,373
Developer Fee	\$744,149
Commercial Costs	\$0
<b>Total</b>	<b>\$11,176,048</b>

## Residential

Construction Cost Per Square Foot:	\$129
Per Unit Cost:	\$558,802
True Cash Per Unit Cost*:	\$448,595

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank	\$3,180,000	Citibank	\$3,180,000
Seller Carryback	\$4,504,156	Seller Carryback	\$2,204,156
Acquired Reserves	\$625,040	Acquired Reserves	\$625,040
Net Operating Income	\$187,897	Net Operating Income	\$187,897
Deferred Costs	\$129,243	Tax Credit Equity	\$4,978,955
Deferred Developer Fee	\$558,112	<b>TOTAL</b>	<b>\$11,176,048</b>
Tax Credit Equity	\$1,991,600		

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

### Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$3,983,980
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$4,714,500
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$3,983,980
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$4,714,500
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$358,558
Maximum Annual Federal Credit, Acquisition:	\$188,580
Total Maximum Annual Federal Credit:	\$547,138
Approved Developer Fee (in Project Cost & Eligible Basis):	\$744,149
Investor/Consultant:	R4 Capital LLC
Federal Tax Credit Factor:	\$0.91000

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:	<b>At-Risk</b>
Self-Score Final:	<b>26.832%</b>
CTCAC Final:	<b>26.832%</b>

### Significant Information / Additional Conditions

The applicant's estimate of contractor profit, overhead and general requirement costs exceeds CTCAC limit of 14%. The applicant is cautioned that at 180 Day Readiness review, prior to the issuance of the IRS 8609 forms, any costs or eligible basis that exceeds the limits will not be allowed.

The applicant's estimate for annual replacement reserves is below the published per unit minimum required for this type of project. Under regulation section 10327(a) initial application errors of \$100,000 or less shall be deemed covered by the contingency line item. At the submission of the next required updated CTCAC application, and all subsequent submissions to CTCAC, the applicant must meet the requirement of regulation section 10327(c)(7)(a).

**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 1/8 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 public library	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
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. 30 hrs/yr instruction	5	5	5
<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>
State Credit Substitution	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.**