

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2013 Second Round**

**September 25, 2013**

**Project Number** CA-13-135

**Project Name** Crenshaw Family Apartments  
Site Address: 5110 Crenshaw Blvd.  
Los Angeles, CA 90043 County: Los Angeles  
Census Tract: 2345.010

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$775,066	\$0
Recommended:	\$775,066	\$0

**Applicant Information**

Applicant: 5110 Crenshaw BL., L.P., a California limited partnership  
Contact: Gwendy Silver Egnater  
Address: 5947 Variel Avenue  
Woodland Hills, CA 91367  
Phone: (818) 905-2430 Fax: (818) 905-2440  
Email: gwendy@corpoffices.org

General Partner(s) or Principal Owner(s): Corporation for Better Housing  
General Partner Type: Nonprofit  
Parent Company(ies): Corporation for Better Housing  
Developer: Corporation for Better Housing  
Investor/Consultant: Hunt Capital Partners, LLC  
Management Agent(s): CBH Property Management, LLC

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 32  
No. & % of Tax Credit Units: 31 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: None  
Affordability Breakdown by Units and % (Lowest Income Points):  
30% AMI: 4 10 %  
45% AMI: 8 25 %  
50% AMI: 14 40 %

**Information**

Set-Aside: N/A  
 Housing Type: Large Family  
 Geographic Area: City of Los Angeles  
 TCAC Project Analyst: Marisol Parks

**Unit Mix**

13 1-Bedroom Units  
 8 2-Bedroom Units  
 11 3-Bedroom Units  


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 32 Total Units

<u>Unit Type &amp; Number</u>	<u>2013 Rents Targeted % of Area Median Income</u>	<u>2013 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	30%	30%	\$466
3 1 Bedroom	45%	45%	\$699
6 1 Bedroom	50%	50%	\$776
3 1 Bedroom	60%	60%	\$932
1 2 Bedrooms	30%	30%	\$559
2 2 Bedrooms	45%	45%	\$839
3 2 Bedrooms	50%	50%	\$932
1 2 Bedrooms	60%	60%	\$1,119
2 3 Bedrooms	30%	30%	\$646
3 3 Bedrooms	45%	45%	\$969
5 3 Bedrooms	50%	50%	\$1,076
1 3 Bedrooms	60%	60%	\$1,292
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$9,505,899  
 Estimated Residential Project Cost: \$9,505,899

**Residential**

Construction Cost Per Square Foot: \$204  
 Per Unit Cost: \$297,059

**Construction Financing**

<u>Source</u>	<u>Amount</u>
Hunt Capital Partners, LLC	\$8,500,000
Tax Credit Equity	\$759,030

**Permanent Financing**

<u>Source</u>	<u>Amount</u>
Hunt Capital Partners, LLC	\$1,474,700
Deferred Developer Fee	\$397,562
Tax Credit Equity	\$7,633,637
<b>TOTAL</b>	<b>\$9,505,899</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$8,078,655
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis Credit Reduction (18%)	\$1,890,406
Qualified Basis:	\$8,611,846
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$775,066
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,067,000
Investor/Consultant:	Hunt Capital Partners, LLC
Federal Tax Credit Factor:	\$0.98490

Per Regulation Section 10322(i)(4)(A), 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, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$8,078,655
Actual Eligible Basis:	\$8,197,654
Unadjusted Threshold Basis Limit:	\$7,149,678
Total Adjusted Threshold Basis Limit:	\$8,365,123

**Adjustments to Basis Limit:**

Parking Beneath Residential Units  
95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First:	<b>Large Family</b>
Second:	<b>5.005%</b>

**Cost Analysis and Line Item Review**

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses meet the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.20%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC’s financial evaluation at project completion will determine the final allocation.

**Special Issues/Other Significant Information:** None

**Legal Status:** Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

**Local Reviewing Agency:**

The Local Reviewing Agency, the City of Los Angeles Housing and Community Investment Department (HCIDLA), has completed a site review of this project and opposes this project.

**Recommendation:** Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$775,066</b>	<b>\$0</b>

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation, any Readiness to Proceed Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

TCAC 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 TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC 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 TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC 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 TCAC 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 ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. 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.

**Additional Conditions:** None

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Cost Efficiency	20	2	2
Credit Reduction	20	18	18
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
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 ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	2	2	2
Within ½ mile of public library	2	2	2
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within 1 mile of public high school	3	3	3
Within 1 mile of medical clinic or hospital	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, minimum 60 hrs/yr instruction	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: Gren Point	5	5	5
Develop project to requirements of: Green Point 100	3	3	3
Energy efficiency beyond CA Building Code Title 24 requirements: 17.5%	2	2	2
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</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>148</b>	<b>148</b>	<b>148</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.**