

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
June 6, 2007

REVISED

Project Number CA-2007-831

Project Name Almond Tree Village
Address: 3400 West 3rd Street
Los Angeles, CA 90020 County: Los Angeles

Applicant Information

Applicant: Almond Tree Senior Apartments, L.P.
Contact Mr. David Park
Address: 3250 Wilshire Boulevard, Suite 1805
Los Angeles, CA 90010
Phone: (213) 252-1999 **Fax:** (213) 252-2999
Sponsors Type: Joint Venture

Bond Information

Issuer: CSCDA
Expected Date of Issuance: June 2007
Credit Enhancement: Fannie Mae

Eligible Basis

Actual: \$40,444,960
Requested: \$40,444,960
Maximum Permitted: \$67,786,338

Extra Feature Adjustments: 55-Year Use/Rent Restriction Adjustment: 120%

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,892,824	\$0
Recommended:	\$1,892,824	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 261
Total # Residential Buildings: 1

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 259 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 27
Number of Units @ or below 60% of area median income: 232

<u>Unit Type & Number</u>	<u>2007 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
214 Studio	60%	\$777
24 Studio	50%	\$647
7 One-Bedroom	60%	\$832
1 One-Bedroom	50%	\$693
11 Two-Bedroom	60%	\$999
2 Two-Bedroom	50%	\$832
2 Two-Bedroom	Managers' Units	\$999

The project developer is Palms Residential Care Facility.

The management services will be provided by Barker Management, Inc.

The market analysis was provided by Novogradac & Company.

The Local Reviewing Agency, the Los Angeles Housing Department, has completed a site review of this project and supports this project.

Project Financing

Estimated Total Project Cost: \$55,089,864 Per Unit Cost: \$196,339 Construction Cost Per Sq. Ft.: \$350
 Estimated Residential Cost: \$51,244,606
 Estimated Commercial Cost: \$3,845,258

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
East West Bank – Tax Ex. Bonds	\$22,457,018	Alliant Capital – Tax Ex. Bond	\$22,457,018
Alliant Capital – Loan	\$3,789,530	GTS Soft Loan	\$11,217,627
GIC Income	\$195,000	GIC Income	\$195,000
GTS Soft Loan	\$11,217,627	Deferred Developer Fee	\$2,500,000
Deferred Developer Fee	\$2,500,000	Investor Equity	\$18,720,219
Investor Equity	\$14,930,689	TOTAL	\$55,089,864

Determination of Credit Amount(s)

Requested Eligible Basis:	\$40,444,960
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$52,578,448
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	\$1,892,824
Approved Developer Fee in Project Cost:	\$2,500,000
Approved Developer Fee in Eligible Basis:	\$2,500,000
Tax Credit Factor:	\$0.9890

Applicant requests and staff recommends annual federal credits of \$1,892,824, based on a qualified basis of \$52,578,448 and a funding shortfall of \$18,720,219.

Cost Analysis and Line Item Review

The requested eligible basis (\$40,444,960) is below TCAC's adjusted threshold basis limit (\$67,786,338). **The basis limit includes the adjustment for extraordinary features for the 120% adjustment for the 55-year use/affordability restriction for projects that have more than 50% tax-credit units.** Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitation.

Annual operating expenses exceed 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 3.60% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

Special Issues/Other Significant Information: 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.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

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

\$1,892,824 Federal/Annual	\$0 State/Total
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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.

TCAC makes the 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 will be permitted without the express approval of TCAC.

The applicant must pay TCAC an 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 anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

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 credits 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.

Additional Conditions: The applicant/owner is required to provide the tenants with on-going high-speed Internet access in each unit and contract for services such as assistance with daily living activities or the provision of senior counseling services paid for by the applicant/owner and provided on site or within ¼ mile of the site, for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC.

Project Analyst: Jack Waegell