

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**May 18, 2011**

**Project Number** CA-2011-818

**Project Name** Figueroa Senior Housing  
Site Address: 7621 South Figueroa Street  
Los Angeles, CA 90044 County: Los Angeles  
Census Tract: 2377.200

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$430,257	\$0
Recommended:	\$430,257	\$0

**Applicant Information**

Applicant: Figueroa 7621, L.P. a California Limited Partnership  
Contact: Chris Maffris  
Address: 1640 S. Sepulveda Blvd., Ste. 425  
Los Angeles, CA 90025  
Phone: (310) 575-3543 Fax: (310) 575-3563  
Email: cmaffris@metahousing.com

General partner(s) or principal owner(s): WCH Affordable V, LLC  
Figueroa Senior Housing, LLC  
General Partner Type: Joint Venture  
Developer: Meta Housing Corporation  
Investor/Consultant: The Richman Group  
Management Agent: Western Seniors Housing

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 35  
No. & % of Tax Credit Units: 34 100%  
Federal Set-Aside Elected: 20%/50%  
Federal Subsidy: Tax Exempt  
HCD MHP Funding: No  
55-Year Use/Affordability: Yes  
Number of Units @ or below 50% of area median income: 34

**Information**

Housing Type: Seniors  
 Geographic Area: Los Angeles County  
 TCAC Project Analyst: Jack Waegell

**Bond Information**

Issuer: City of Los Angeles  
 Expected Date of Issuance: June 1, 2011  
 Credit Enhancement: N/A

**Unit Mix**

35 1-Bedroom Units  
 35 Total Units

<u>Unit Type &amp; Number</u>	<u>2010 Rents Targeted % of Area Median Income</u>	<u>2010 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
34 1 Bedroom	50%	45%	\$698
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$10,663,775      Construction Cost Per Square Foot: \$191  
 Per Unit Cost: \$304,679

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
JP Morgan Chase	\$5,600,000	CA Community Reinvestment Corp.	\$1,169,800
LAHD NSP-2 Funds	\$4,450,000	LAHD NSP-2 Funds	\$4,450,000
Deferred Developer Fee	\$613,775	LAHD/LADWP - Sust. Bldg. Funds	\$200,000
		FHLB - AHP	\$525,000
		Deferred Developer Fee	\$375,797
		Tax Credit Equity	\$3,943,178
		<b>TOTAL</b>	<b>\$10,663,775</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis: \$9,734,319  
 130% High Cost Adjustment: Yes  
 Applicable Fraction: 100.00%  
 Qualified Basis: \$12,654,615  
 Total Maximum Annual Federal Credit: \$430,257  
 Approved Developer Fee (in Project Cost & Eligible Basis): \$1,200,000  
 Investor/Consultant: The Richman Group  
 Federal Tax Credit Factor: \$0.91647

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:	\$9,734,319
Actual Eligible Basis:	\$9,734,319
Unadjusted Threshold Basis Limit:	\$6,801,130
Total Adjusted Threshold Basis Limit:	\$16,390,723

**Adjustments to Basis Limit:**

Required to Pay Prevailing Wages

Parking Beneath Residential Units

3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Projects exceeding Title 24 by at least 15%
  - Projects installing bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all living rooms or 50% or all common areas
  - Projects using vent kitchen range hoods to the exterior of the building in at least 80% of the units
- 95% of Upper Floor Units are Elevator-Serviced  
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 100%

**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 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 3.40% 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:** 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.

**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>\$430,257</b>	<b>\$0</b>

**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.

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.

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 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 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.

**Additional Conditions:** Services - none required.

The applicant/owner is required to complete the following Sustainable Building Methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the placed-in-service application is submitted: designed/constructed/certified to LEED standards.