

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2011 First Round
June 22, 2011

Project Number CA-2011-001

Project Name 2802 Pico
Site Address: 2802 Pico Boulevard
Santa Monica, CA 90405 County: Los Angeles
Census Tract: 7023.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$987,005	\$0
Recommended:	\$987,005	\$0

Applicant Information

Applicant: Community Corporation of Santa Monica
Contact: Maegan Pearson
Address: 1423 Second Street, Suite B
Santa Monica, CA 90401
Phone: (310) 394-8487 Fax: (310) 395-0220
Email: maegan@communitycorp.org

General partner(s) or principal owner(s): Community Corporation of Santa Monica
General Partner Type: Nonprofit
Developer: Community Corporation of Santa Monica
Investor/Consultant: Enterprise Community Investment
Management Agent: Community Corporation of Santa Monica

Project Information

Construction Type: New Construction
Total # Residential Buildings: 2
Total # of Units: 33
No. & % of Tax Credit Units: 33 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: N/A
Affordability Breakdown by % (Lowest Income Points):
30% AMI: 10 %
45% AMI: 25 %
50% AMI: 40 %

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: Los Angeles County
 TCAC Project Analyst: Jack Waegell

Unit Mix

23 2-Bedroom Units
 10 3-Bedroom Units

 33 Total Units

Unit Type & Number	2010 Rents Targeted % of Area Median Income	2010 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
3 2 Bedrooms	30%	30%	\$559
1 3 Bedrooms	30%	30%	\$646
6 2 Bedrooms	45%	45%	\$839
3 3 Bedrooms	45%	45%	\$969
9 2 Bedrooms	50%	50%	\$932
5 3 Bedrooms	50%	50%	\$1,076
5 2 Bedrooms	60%	60%	\$1,119
1 3 Bedrooms	60%	60%	\$1,292

Note: The project has 1 on-site manager & manager's unit. The on-site manager will be a qualified tax credit tenant occupying one of the 33 tax credit units listed above.

Project Financing

Estimated Total Project Cost:	\$19,566,571	Residential	
Estimated Residential Project Cost:	\$19,191,338	Construction Cost Per Square Foot:	\$189
Estimated Commercial Project Cost:	\$375,233	Per Unit Cost:	\$581,556

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Bank of America	\$7,591,541	Bank of America	\$982,620
City of Santa Monica	\$9,207,402	City of Santa Monica	\$9,207,402
Tax Credit Equity	\$2,359,354	Tax Credit Equity	\$9,376,549
		TOTAL	\$19,566,571

Determination of Credit Amount(s)

Requested Eligible Basis:	\$8,435,942
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$10,966,725
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$987,005
Approved Developer Fee in Project Cost:	\$591,525
Approved Developer Fee in Eligible Basis:	\$584,057
Investor/Consultant:	Enterprise Community Investment
Federal Tax Credit Factor:	\$0.95000

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:	\$8,435,942
Actual Eligible Basis:	\$14,337,991
Unadjusted Threshold Basis Limit:	\$7,503,680
Total Adjusted Threshold Basis Limit:	\$10,280,042

Adjustments to Basis Limit:

- Required to Pay Prevailing Wages
- Parking Beneath Residential Units
- 95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Large Family
Second:	65.738%

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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. 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: The project's per unit cost, \$581,556, is relatively high due in part to the high land cost of \$3,625,000 for 0.37 acres covered by a loan from the city of Santa Monica, the low unit count of the project (33 units) but with larger size units (23 two-bedroom units and 12 three-bedroom units), and the in-fill project design with four-story residential buildings over 2 levels of subterranean parking.

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 Santa Monica, has completed a site review of this project and strongly supports 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:

Federal Tax Credits/Annual	State Tax Credits/Total
\$987,005	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 180-Day 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.

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
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 a neighborhood market of at least 5,000 sf	3	3	3
Large Family proj. w/1 ½ mile of public school project children may attend	2	2	0
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY HOUSING TYPE			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION			
Develop project in accordance w/ requirements of: GreenPoint Rated	5	5	5
Energy efficiency beyond CA Building Code Title 24 requirements: 20%	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	148	148	148

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.