

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
March 13, 2013

Project Number CA-13-811

Project Name Eagle Vista
 Site Address: 4260 Eagle Rock Blvd.
 Los Angeles, CA 90065 County: Los Angeles
 Census Tract: 1862.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$598,125	\$0
Recommended:	\$598,125	\$0

Applicant Information

Applicant: Women Organizing Resources Knowledge & Services
 Contact: Channa Grace
 Address: 795 N. Ave. 50
 Los Angeles, CA 90042
 Phone: 323-341-7028 Fax: 323-341-5815
 Email: channa@worksusa.org

General partner(s) or principal owner(s): Women Organizing Resources Knowledge & Services
 General Partner Type: Nonprofit
 Developer: WORKS
 Investor/Consultant: Boston Financial
 Management Agent: Solari Enterprises

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 56
 No. & % of Tax Credit Units: 55 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (39 Units / 71%) / HOME
 HCD MHP Funding: Yes
 Utility Allowance: CUAC
 55-Year Use/Affordability: Yes
 Number of Units @ or below 50% of area median income: 55

Bond Information

Issuer: City of Los Angeles Housing Department
 Expected Date of Issuance: April 22, 2013
 Credit Enhancement: N/A

Information

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

Unit Mix

7 SRO/Studio Units
 48 1-Bedroom Units
 1 2-Bedroom Units

 56 Total Units

<u>Unit Type & 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>
4 SRO/Studio	50%	25%	\$369
3 SRO/Studio	50%	30%	\$443
23 1 Bedroom	50%	25%	\$395
14 1 Bedroom	50%	30%	\$474
9 1 Bedroom	50%	35%	\$553
2 1 Bedroom	50%	40%	\$633
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$17,601,418
 Estimated Residential Project Cost: \$17,601,418

Residential

Construction Cost Per Square Foot: \$166
 Per Unit Cost: \$314,311

Construction Financing

<u>Source</u>	<u>Amount</u>
Citibank N.A.	\$10,000,000
County of LA - City of Industry	\$2,400,000
LAHD - HOME	\$1,773,961
CalHFA MHSA & LA County DMH	\$524,150
Eastern Los Angeles Regional Center	\$1,260,000
Deferred Costs & Fees	\$782,307
Tax Credit Equity	\$861,000

Permanent Financing

<u>Source</u>	<u>Amount</u>
HCD - MHP	\$5,000,000
County of LA - City of Industry	\$2,400,000
LAHD - HOME	\$1,773,961
CalHFA MHSA & LA County DMH	\$524,150
Eastern Los Angeles Regional Center	\$1,260,000
Deferred Developer Fee	\$901,307
Tax Credit Equity	\$5,742,000
TOTAL	\$17,601,418

Determination of Credit Amount(s)

Requested Eligible Basis:	\$14,379,443
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$18,693,276
Applicable Rate:	3.20%
Total Maximum Annual Federal Credit:	\$598,125
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,838,307
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.96000

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:	\$14,379,443
Actual Eligible Basis:	\$14,379,443
Unadjusted Threshold Basis Limit:	\$11,474,602
Total Adjusted Threshold Basis Limit:	\$26,391,584

Adjustments to Basis Limit:

- Required to Pay Prevailing Wages
- 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 3.20% of the qualified basis. 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: 39 of 55 affordable units will serve the homeless or persons with disabilities.

The project will also have 39 Section 8 project-based vouchers through the Housing Authority of the City of Los Angeles under a 15-year term contract.

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:

Federal Tax Credits/Annual	State Tax Credits/Total
\$598,125	\$0

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 a reservation 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: The applicant/owner is required to provide the tenants with the following service amenities free of charge 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:

- Educational, health and wellness, or skill-building classes for a minimum of 84 hours per year on-site or within 1/4 mile of the project.
- Bona fide service coordinator for a minimum full-time equivalent hours per year of 195 hours.