

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2013 First Round

June 12, 2013

Project Number CA-13-045

Project Name Linda Vista Apartments II
Site Address: 610 S. St. Louis Street
Los Angeles, CA 90023 County: Los Angeles
Census Tract: 2046.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,153,937	\$0
Recommended:	\$1,153,937	\$0

Applicant Information

Applicant: AMCAL Multi-Housing, Inc.
Contact: Arjun Nagarkatti
Address: 30141 Agoura Road, Suite 100
Agoura Hills, CA 91301
Phone: 818-706-0694 Fax: 818-865-1813
Email: arjun@amcalhousing.com

General partner(s) or principal owner(s): AMCAL Multi-Housing, Inc.
East LA Community Corporation
General Partner Type: Joint Venture
Developer: AMCAL Enterprises, Inc.
Investor/Consultant: US Bank
Management Agent(s): Western Seniors Housing, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 97
No. & % of Tax Credit Units: 96 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: NSP II
Affordability Breakdown by Units and % (Lowest Income Points):
30% AMI: 10 10 %
45% AMI: 25 25 %
50% AMI: 39 40 %

Information

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

Unit Mix

4 SRO/Studio Units
 82 1-Bedroom Units
 11 2-Bedroom Units

 97 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	45%	45%	\$652
9 1 Bedroom	30%	30%	\$466
21 1 Bedroom	45%	45%	\$699
39 1 Bedroom	50%	50%	\$776
13 1 Bedroom	60%	60%	\$932
1 2 Bedrooms	30%	30%	\$559
9 2 Bedrooms	60%	60%	\$1,119
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$35,982,270
 Estimated Residential Project Cost: \$35,982,270

Residential

Construction Cost Per Square Foot: \$162
 Per Unit Cost: \$370,951

Construction Financing

<u>Source</u>	<u>Amount</u>
Union Bank	\$17,309,107
LAHD RNLA (NSP II)	\$4,785,675
LAHD AHTF	\$8,850,000
Fee Waiver	\$695,040
Historic Tax Credit Equity	\$1,924,998
Deferred Developer Fee	\$600,000
Tax Credit Equity	\$695,040

Permanent Financing

<u>Source</u>	<u>Amount</u>
Union Bank	\$3,435,225
LAHD RNLA (NSP II)	\$4,785,675
LAHD AHTF	\$8,850,000
Fee Waiver	\$695,040
Historic Tax Credit Equity	\$5,499,995
Deferred Developer Fee	\$600,000
Tax Credit Equity	\$12,116,335
TOTAL	\$35,982,270

Determination of Credit Amount(s)

Requested Eligible Basis:	\$9,862,707
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$12,821,519
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,153,937
Approved Developer Fee in Project Cost:	\$1,999,999
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	US Bank
Federal Tax Credit Factor:	\$1.05000

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:	\$9,862,707
Actual Eligible Basis:	\$23,404,198
Unadjusted Threshold Basis Limit:	\$17,811,396
Total Adjusted Threshold Basis Limit:	\$23,154,815

Adjustments to Basis Limit:

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

Tie-Breaker Information

First:	Seniors
Second:	50.343%

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. 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: This project is the second phase of the adaptive reuse/rehabilitation of the historic Linda Vista Hospital Campus. The first phase involved the adaptive reuse of the nurse's dormitory building into 22 tax credit units for seniors. This project involves the adaptive/reuse of the hospital building into 96 tax credit units for seniors. As allowed by TCAC Regulation Section 10325(g)(2)(E), TCAC waived the square footage minimums to 30% of the one-bedroom units and 27% of the two-bedroom units in the rehabilitation project.

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, Los Angeles Housing Department, 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
\$1,153,937	\$0

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

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 ¼ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	2	2	2
Within ½ mile of a neighborhood market of at least 5,000 sf	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, minimum 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: LEED	5	5	5
Develop project to requirements of: LEED Silver	3	3	3
Energy efficiency beyond CA Building Code Title 24 requirements: 17.5%	3	3	3
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
Historic Preservation	1	1	1
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. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.