

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2014 Second Round

September 24, 2014

Project Number CA-14-163

Project Name Mar Vista Union Apartments
Site Address: 131-135 N. Mar Vista Avenue
Pasadena, CA 91106 County: Los Angeles
Census Tract: 4623.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$586,818	\$0
Recommended:	\$586,818	\$0

Applicant Information

Applicant: National Community Renaissance of California
Contact: Lorna Contreras
Address: 9421 Haven Avenue
Rancho Cucamonga, CA 91730
Phone: (909) 204-3445 Fax: (909) 483-2448
Email: lcontreras@nationalcore.org

General Partner(s)/Principal Owner(s): Southern California Housing Development Corp. of Los Angeles
General Partner Type: Nonprofit
Parent Company(ies): National Community Renaissance
Developer: National Community Renaissance
Investor/Consultant: Raymond James
Management Agent(s): National Community Renaissance

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 20
No. & % of Tax Credit Units: 19 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HOME / HUD Section 8 Project-based Vouchers (19 Units / 100%)
Average Targeted Affordability of Special Needs/SRO Project Units: 30.00%
Affordability Breakdown by Units and % (Lowest Income Points):
30% AMI: 19 80 %

Information

Set-Aside: Special Needs / SRO
 Housing Type: Special Needs
 Type of Special Needs: Homeless
 % of Special Need Units: 19 units 100%
 Geographic Area: Balance of Los Angeles County
 TCAC Project Analyst: Jack Waegell

Unit Mix

10 1-Bedroom Units
 10 2-Bedroom Units

 20 Total Units

<u>Unit Type & Number</u>	<u>2014 Rents Targeted % of Area Median Income</u>	<u>2014 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
10 1 Bedroom	30%	30%	\$458
9 2 Bedrooms	30%	30%	\$550
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$11,461,236
 Estimated Residential Project Cost: \$11,461,236

Residential

Construction Cost Per Square Foot: \$236
 Per Unit Cost: \$573,062

Construction Financing

<u>Source</u>	<u>Amount</u>
Citibank	\$2,184,020
City of Pasadena Tax Increment	\$1,527,064
City of Pasadena HOME	\$1,564,783
City of Pasadena Inclusionary Funds	\$685,217
First 5 LA	\$1,200,000
LACDC - NOFA 18	\$950,000
Tax Credit Equity	\$1,867,250

Permanent Financing

<u>Source</u>	<u>Amount</u>
City of Pasadena Tax Increment	\$1,527,064
City of Pasadena HOME	\$1,564,783
City of Pasadena Inclusionary Funds	\$685,217
First 5 LA	\$1,200,000
First 5 LA Grant for Social Services	\$200,000
LACDC - NOFA 18	\$950,000
Tax Credit Equity	\$5,334,172
TOTAL	\$11,461,236

Determination of Credit Amount(s)

Requested Eligible Basis: \$5,922,232
 130% High Cost Adjustment: Yes
 Applicable Fraction: 100.00%
 Qualified Basis: \$7,698,902
 Applicable Rate: 7.70%
 Total Maximum Annual Federal Credit: \$586,818
 Approved Developer Fee (in Project Cost & Eligible Basis): \$700,000
 Investor/Consultant: Raymond James
 Federal Tax Credit Factor: \$0.90900

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:	\$5,922,232
Actual Eligible Basis:	\$8,023,937
Unadjusted Threshold Basis Limit:	\$4,184,750
Total Adjusted Threshold Basis Limit:	\$6,174,256

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

Parking Beneath Residential Units

100% of Units for Special Needs Population

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

- New construction: project buildings are at least 45% more energy efficient than current CA Code Energy Efficiency Standards as indicated in TCAC Regulations.

- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all common areas

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Special Needs
Second:	82.682%

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 7.70% 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: The project has a HUD Section 8 project-based voucher subsidy for all 19 affordable units.

The estimated cost of this project is \$573,062 per unit. The project is a small, 20-unit, 3-story project that has several aspects increasing its cost beyond its small scale, including a capitalized supportive services reserve & rental subsidy transition reserve, requirement to pay prevailing wages, an on-grade enclosed parking garage, and elements of Universal Design for the special needs tenants.

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 Pasadena, 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
\$586,818	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. 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 public library	2	2	2
Within ¼ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1 mile of a public middle school that project's children may attend	2	2	0
Within ¼ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
SPECIAL NEEDS HOUSING TYPE			
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Adult ed/health & wellness/skill bldg classes, minimum 84 hrs/yr instruction	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION			
Develop project in accordance w/ requirements of: LEED	5	5	5
Develop project to requirements of: LEED Silver	5	5	3
Energy efficiency beyond CA Building Code Title 24 requirements: 40.0%	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
Smoke Free Residence	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. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.