

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**November 16, 2016**

Vista Tower, located at 3000 Leeward Avenue in Los Angeles, requested and is being recommended for a reservation of \$1,534,690 in annual federal tax credits to finance the acquisition and rehabilitation of 228 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Brookmore Apartment Corporation and is located in Senate District 53 and Assembly District 24.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

**Project Number** CA-16-974

**Project Name** Vista Tower  
 Site Address: 3000 Leeward Avenue  
 Los Angeles, CA 90005 County: Los Angeles  
 Census Tract: 2122.030

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,534,690	\$0
Recommended:	\$1,534,690	\$0

**Applicant Information**

Applicant: Vista Tower Apartments, L.P.  
 Contact: Joseph Miller  
 Address: 3204 Rosemead Blvd., Suite 100  
 El Monte, CA 91731  
 Phone: (626) 300-2448 Fax: (626) 458-8941  
 Email: jomiller@frontporch.net

General Partner(s) or Principal Owner(s):	Vista Tower Apartments, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Brookmore Apartment Corporation
Developer:	Brookmore Apartment Corporation
Investor/Consultant:	Alden Torch Financial
Management Agent:	CARING Housing Ministries

**Project Information**

Construction Type: Acquisition & Rehabilitation  
 Total # Residential Buildings: 1  
 Total # of Units: 230  
 No. & % of Tax Credit Units: 228 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Contract (146 units - 63%)  
 HCD MHP Funding: No  
 55-Year Use/Affordability: Yes  
 Number of Units @ or below 50% of area median income: 24  
 Number of Units @ or below 60% of area median income: 204

**Bond Information**

Issuer: California Public Finance Authority  
 Expected Date of Issuance: March 1, 2017  
 Credit Enhancement: N/A

**Information**

Housing Type: Non-Targeted  
 Geographic Area: City of Los Angeles  
 TCAC Project Analyst: Zhuo Chen

**Unit Mix**

168 SRO/Studio Units  
 61 1-Bedroom Units  
1 2-Bedroom Units  
 230 Total Units

<u>Unit Type &amp; Number</u>	<u>2016 Rents Targeted % of Area Median Income</u>	<u>2016 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
17 SRO/Studio	50%	50%	\$760
89 SRO/Studio	60%	60%	\$912
62 SRO/Studio	60%	31%	\$474
7 1 Bedroom	50%	50%	\$814
33 1 Bedroom	60%	60%	\$977
20 1 Bedroom	60%	39%	\$629
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$36,466,000
Construction Costs	\$0
Rehabilitation Costs	\$7,080,550
Construction Contingency	\$638,756
Relocation	\$900,000
Architectural/Engineering	\$550,000
Const. Interest, Perm. Financing	\$3,280,027
Legal Fees, Appraisals	\$122,000
Reserves	\$1,885,249
Other Costs	\$1,280,107
Developer Fee	\$5,633,294
Commercial Costs	\$0
<b>Total</b>	<b>\$57,835,983</b>

**Project Financing**

Estimated Total Project Cost:	\$57,835,983
Estimated Residential Project Cost:	\$57,835,983
Estimated Commercial Project Cost:	\$0

**Residential**

Construction Cost Per Square Foot:	\$58
Per Unit Cost:	\$251,461
True Cash Per Unit Cost*:	\$216,932

**Construction Financing**

Source	Amount
Red Capital Mortgage	\$1,767,819
Red Capital - T.E. Bonds	\$20,232,181
Seller Carryback Subordinate Bonds	\$9,767,819
Seller Carryback Loan	\$5,000,000
Alden Torch - Bridge Loan	\$5,600,000
Existing Reserves	\$1,400,000
Deferred Costs	\$254,277
Deferred Developer Fee	\$2,941,658
Tax Credit Equity	\$10,872,229

**Permanent Financing**

Source	Amount
Red Capital Mortgage	\$22,000,000
Seller Carryback Subordinate Bonds	\$9,767,819
Seller Carryback Loan	\$5,000,000
Existing Reserves	\$1,400,000
Deferred Developer Fee	\$2,941,658
Tax Credit Equity	\$16,726,506
<b>TOTAL</b>	<b>\$57,835,983</b>

\*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$13,442,687
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$29,745,900
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$17,475,493
Qualified Basis (Acquisition):	\$29,745,900
Applicable Rate:	3.25%
Maximum Annual Federal Credit, Rehabilitation:	\$567,948
Maximum Annual Federal Credit, Acquisition:	\$966,742
Total Maximum Annual Federal Credit:	\$1,534,690
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,633,294
Investor/Consultant:	Alden Torch Financial
Federal Tax Credit Factor:	\$1.08989

Per Regulation Section 10322(h)(9)(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:	\$43,188,587
Actual Eligible Basis:	\$43,188,587
Unadjusted Threshold Basis Limit:	\$46,192,748
Total Adjusted Threshold Basis Limit:	\$55,431,298

**Adjustments to Basis Limit**

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: 10%

**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 3.25% 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:** None.

**Local Reviewing Agency**

The Local Reviewing Agency, the City of Los Angeles, has completed a site review of this project and 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$1,534,690</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 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:** None.