

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2017 First Round
June 7, 2017
REVISED

Veteran's Village of Carson, located at 600-610 W. Carson Street and 21723-21725 S. Figueroa Street in Carson, requested and is being recommended for a reservation of \$1,600,927 in annual federal tax credits to finance the new construction of 50 units of housing serving large families with rents affordable to households earning 40%-60% of area median income (AMI). The project will be developed by Thomas Safran & Associates Development, Inc. and will be located in Senate District 35 and Assembly District 64.

Project Number CA-17-076

Project Name Veteran's Village of Carson
 Site Address: 600-610 W. Carson Street and 21723-21725 S. Figueroa Street
 Carson, CA 90745 County: Los Angeles
 Census Tract: 5435.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,601,496	\$0
Recommended:	\$1,600,927	\$0

Applicant Information

Applicant: Carson Figueroa Affordable Housing LP
 Contact: Andrew Gross
 Address: 11812 San Vicente Blvd, Suite 600
 Los Angeles, CA 90049
 Phone: 310-820-4888 Fax: 310-207-6986
 Email: andrew@tsahousing.com

General Partner(s) / Principal Owner(s): Carson Figueroa Affordable Housing LLC
 Housing Corporation of America
 General Partner Type: Joint Venture
 Parent Company(ies): Thomas Safran & Associates Development, Inc
 Housing Corporation of America
 Developer: Thomas Safran & Associates Development, Inc.
 Investor/Consultant: Wells Fargo
 Management Agent(s): Thomas Safran & Associates Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 51
 No. & % of Tax Credit Units: 50 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: N/A
 Affordability Breakdown by Units and % (Lowest Income Points):
 30% AMI: 5 10 %
 40% AMI: 5 10 %
 45% AMI: 15 30 %
 50% AMI: 8 15 %

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: Balance of Los Angeles County
 TCAC Project Analyst: Carmen Doonan

Unit Mix

24 1-Bedroom Units
 13 2-Bedroom Units
14 3-Bedroom Units
 51 Total Units

<u>Unit Type & 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>
1 1 Bedroom	30%	22%	\$365
1 1 Bedroom	40%	22%	\$365
9 1 Bedroom	45%	37%	\$608
2 1 Bedroom	50%	50%	\$814
11 1 Bedroom	60%	60%	\$977
2 2 Bedrooms	30%	22%	\$437
1 2 Bedrooms	40%	22%	\$437
1 2 Bedrooms	40%	37%	\$729
3 2 Bedrooms	45%	37%	\$729
3 2 Bedrooms	50%	50%	\$977
3 2 Bedrooms	60%	60%	\$1,173
2 3 Bedrooms	30%	22%	\$506
2 3 Bedrooms	40%	37%	\$843
3 3 Bedrooms	45%	37%	\$843
3 3 Bedrooms	50%	50%	\$1,128
3 3 Bedrooms	60%	60%	\$1,354
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$900

Projected Lifetime Rent Benefit: \$44,272,140

Project Cost Summary at Application

Land and Acquisition	\$4,193,776
Construction Costs	\$12,322,914
Rehabilitation Costs	\$0
Construction Contingency	\$1,329,872
Relocation	\$0
Architectural/Engineering	\$1,483,634
Const. Interest, Perm. Financing	\$1,577,711
Legal Fees, Appraisals	\$199,108
Reserves	\$110,567
Other Costs	\$1,986,190
Developer Fee	\$1,805,718
Commercial Costs	\$2,140,679
Total	\$27,150,169

Project Financing

Estimated Total Project Cost:	\$27,150,169
Estimated Residential Project Cost:	\$25,009,490
Estimated Commercial Project Cost	\$2,140,679

Residential

Construction Cost Per Square Foot:	\$208
Per Unit Cost:	\$490,382
True Cash Per Unit Cost*:	\$416,329

Construction Financing

Source	Amount
Wells Fargo	\$16,200,000
Carson H.A.	\$5,500,000
Carson H.A. Land Donation	\$3,471,400
Carson H.A. Seller Carryback	\$628,600
Carson H.A. Deferred Interest	\$219,124
Deferred Developer Fee	\$1,011,502
Tax Credit Equity	\$125,000

Permanent Financing

Source	Amount
CCRC	\$1,962,142
Carson H.A.	\$5,500,000
Carson H.A. Land Donation	\$3,471,400
Carson H.A. Seller Carryback	\$628,600
Carson H.A. Deferred Interest	\$219,124
Tax Credit Equity	\$15,368,903
TOTAL	\$27,150,169

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$13,688,002
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$17,794,403
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,600,927
Approved Developer Fee in Project Cost:	\$1,805,718
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Wells Fargo
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:	\$13,688,002
Actual Eligible Basis:	\$13,738,694
Unadjusted Threshold Basis Limit:	\$12,846,280
Total Adjusted Threshold Basis Limit:	\$16,314,776

Adjustments to Basis Limit

Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels
95% of Upper Floor Units are Elevator-Serviced
High Opportunity Area

Tie-Breaker Information

First:	Large Family
Final:	42.816%

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 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.23%. 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

Staff noted the residential developer fee in cost was in excess of the \$1,808,718 limit required by TCAC regulation section 10327(c)(2)(A). The cost was reduced accordingly resulting in a reduction to the federal credit amount recommended for this project.

In the placed in service package, the applicant must demonstrate compliance with TCAC regulation section 10327(c)(10), basis related to parking. This includes number of parking spaces, a calculation of the applicable ratio, transit stop information, and documentation from a CPA of any required basis reduction in the final cost certification.

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 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
\$1,600,927	\$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 fifteen 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 1/3 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	0
Within 1.5 miles of a public high school	2	2	2
Within 1/2 mile of medical clinic or hospital	3	3	3
Within 1/2 mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: LEED	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	15	15	15
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	138	138	138

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