

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2009 Cash in Lieu of Credits – TCAP Funds

August 26, 2009

Project Number CA-2009-561

Project Name Hollywood & Vine Apartments

Address: 1600 North Vine Street
Los Angeles, CA 90028

County: Los Angeles

Applicant Information

Applicant: Legacy Partners Hollywood & Vine, L.P.

Sponsor: Vanessa Doyle

Address: 5141 California Avenue, Suite 100
Irvine, CA 92617

Phone: (949) 930-7872

Fax: (949) 833-3062

General Partner Type: Joint Venture

The general partners or principal owners are Hearthstone Housing Foundation and Legacy Partners Hollywood & Vine, LLC.

Project Information

Construction Type: New Construction

Federal Subsidy: Tax-Exempt

HCD MHP Funding: No

Total # of Units: 375

Total # Residential Buildings: 1

Information

Housing Type: Large Family

Proposed Average Affordability: 43.7577

Davis-Bacon Required: No

NEPA Required: No

State Prevailing Wages Required: Yes

2008 TCAC Project Number: CA-2008-902

Federal/Annual

2008 Federal Tax Credits Reserved: \$1,229,736

2008 Federal Tax Credits Retained: \$100

2008 Federal Reserved Tax Credits Exchanged/Returned: \$1,229,636

Original Net Equity Factor: (Max .85 for 2008 & .80 for 2009) .83 Fed

Calculated Amount of Cash Requested: (\$1,229,636 X 10 X .83) = \$10,205,979

Total Cash Award Recommended: **\$10,205,979**

ARRA Scoring Criteria	Max. Possible Points	Points Awarded
<i>DDA Bonus Points</i>	25	0
<i>Housing Type Points (Maximum of 50 points)</i>		
<input checked="" type="checkbox"/> Non-targeted Project	0	0
<i>Total Project Cost/Cash Request Points (Maximum of 100 points)</i>		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: \$254,496,507		
Cash Award Request: \$10,205,979		
Total Points Awarded: $100 - (\$10,205,979 / \$254,496,507 \times 100) = 95.9897$	100	95.9897
<i>Total Average Affordability Points (Maximum of 100 points)</i>		
Projects Original Proposed Average Affordability: 43.7577%		
60% - Average Affordability X 5 Points = $(60\% - 43.7577\%) \times 5 = 81.2115$	100	81.2115
Total Points	275	177.2012

Approved 2008 TCAC Proposed Rent and Income Levels

<u>Unit Type & Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
23 SRO / Studio	50%	\$580
29 One-Bedroom	50%	\$623
26 Two-Bedroom	50%	\$744
1 One-Bedroom	Manager's Unit	\$3,800
87 SRO / Studio	Market Rate	\$2,977
75 One-Bedroom	Market Rate	\$2,625
19 One-Bedroom	Market Rate	\$2,950
15 One-Bedroom	Market Rate	\$4,033
32 Two-Bedroom	Market Rate	\$3,800
10 Two-Bedroom	Market Rate	\$4,100
32 Two-Bedroom	Market Rate	\$4,800
16 Two-Bedroom	Market Rate	\$5,800
9 Two-Bedroom	Market Rate	\$6,600
1 Three-Bedroom	Market Rate	\$8,500

Project Financing

Estimated Total Project Cost: \$281,069,291 Estimated Residential Cost: \$254,496,507
 Estimated Commercial Cost: \$26,572,784 Per Unit Cost: \$678,657

LACRA – Tax Exempt Bonds	\$180,000,000	LACRA – Tax Exempt Bonds	\$180,000,000
Deutsche Bank Berkshire Mortgage	\$40,317,608	State of California PERS - Equity	\$69,070,335
State of California PERS - Equity	\$37,634,250	Legacy Partners 1002, LLC - Equity	\$3,635,281
Interest Earned on Bond Proceeds	\$13,748,144	Interest Earned on Bond Proceeds	\$14,261,187
Legacy Partners 1002, LLC - Equity	\$1,980,750	Income from Operations	\$1,131,435
TCAC ARRA Funds	\$4,082,392	Deferred Developer Fee	\$2,764,224
		Investor Equity	\$850
		TCAC ARRA Funds	\$10,205,979
		TOTAL	\$281,069,291

Income and Expense Statement for Year 1

Gross Residential Rents:	\$12,776,856
Miscellaneous Income:	\$67,404
Vacancy Rate: 7%	(\$899,099)
Total Effective Gross Income:	\$11,945,161
Less Total Expenses/Reserves:	\$4,213,799
Net Operation Income:	\$7,731,362
Debt Service:	\$6,843,190
Net Cash Flow	\$888,172
Debt Service Ratio:	1.13 to 1

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 analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations.

Standard Conditions

The Committee may make a Conditional Reservation of American Recovery and Reinvestment Act of 2009 (ARRA), Tax Credit Assistance Program (TCAP) funds for the project sponsor. This Conditional Reservation would not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of environmental review and receipt by the California Tax Credit Allocation Committee of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part §58. The provision of any funds to the project is conditioned on TCAC's determination to proceed with, modify or cancel the project based on the results of a subsequent environmental review and further underwriting.

The project sponsor is prohibited from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair or construction prior to the environmental clearance. A violation of this provision may result in the denial of any funds.

In addition, each project ultimately awarded ARRA TCAP funds will have to comply with all federal requirements, such as Section 504, Davis-Bacon federal labor standards laws, anti-lobbying requirements, lead-based paint rules, and other federal laws.

All ARRA funded projects will be required to track and report on all jobs created or retained as a result of the funds.

Numbers contained in the proposed financing are subject to update and will be refined within 30 days of loan execution agreement.