

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2009 Cash in Lieu of Credits - TCAP Funds & HCD Loan Guarantee
August 26, 2009

Project Number CA-2009-573

Project Name Swansea Park Senior Apartments
Address: 1015 North Kingsley Drive
Los Angeles, CA 90029 County: Los Angeles

Applicant Information

Applicant: Swansea Park Senior Apartments, L.P.
Sponsor: Zoe Ellas
Address: 1200 Wilshire Boulevard, Suite 600
Los Angeles, CA 90017
Phone: (213) 251-2111 **Fax:** (213) 251-2113

General Partner Type: Joint Venture

The general partners or principal owners are Beyond Shelter Housing Development Corporation and APEC International, LLC.

Project Information

Construction Type: Acquisition and Rehabilitation
Federal Subsidy: Tax-Exempt / HOME / HUD Project-based Section 8
HCD MHP Funding: Yes
Total # of Units: 82
Total # Residential Buildings: 1

Information

Housing Type: Senior/At-Risk
Proposed Average Affordability: 36.2346

Davis-Bacon Required: Yes

NEPA Required: Yes

State Prevailing Wages Required: Yes

2009 TCAC Project Number: CA-2009-807

Federal/Annual

2009 Federal Tax Credits Reserved: \$525,082

2009 Federal Tax Credits Retained: \$100

2009 Federal Reserved Tax Credits Exchanged/Returned: \$524,982

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

Calculated Amount of Cash Requested: (\$524,982 X 10 X .80) = \$4,199,856

Total Cash Award Recommended: **\$4,199,856**

HCD Loan Guarantee Requested: \$4,560,000

HCD Loan Guarantee Recommended: **\$4,560,000**

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"/> At-Risk Project	30	30
<i>Total Project Cost/Cash Request Points (Maximum of 100 points)</i>		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: \$19,930,234		
Cash Award Request: \$4,199,856		
Total Points Awarded: $100 - (\$4,199,856 / \$19,930,234 \times 100) = 78.9272$	100	78.9272
<i>Total Average Affordability Points (Maximum of 100 points)</i>		
Projects Original Proposed Average Affordability: 36.23%		
60% - Average Affordability X 5 Points = $(60\% - 36.23\%) \times 5 = 118.85$	100	100
Total Points	275	208.9272

Approved 2009 TCAC Proposed Rent and Income Levels

<u>Unit Type & Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
17 One-Bedroom	25%	\$355
30 One-Bedroom	30%	\$426
9 One-Bedroom	40%	\$568
25 One-Bedroom	50%	\$710
1 One-Bedroom	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$19,694,113 Per Unit Cost: \$240,172

Red Mortgage Capital - FHA Insured	\$6,427,500	Red Mortgage Capital	\$6,427,500
Red Capital Group – Tax Exempt	\$6,822,500	HCD – MHP ARRA Guarantee	\$4,560,000
LAHD – HOME	\$3,600,000	LAHD – HOME	\$3,600,000
Costs Deferred During Construction	\$1,260,197	Deferred Developer Fee	\$905,907
TCAC ARRA Funds	\$1,583,917	TCAC ARRA Funds	\$4,199,856
		Investor Equity	\$850
		TOTAL	\$19,694,113

Income and Expense Statement for Year 1

Gross Residential Rents:	\$480,270
Section 8 Income:	\$343,254
Miscellaneous Income:	\$4,264
Vacancy Rate: 5%	(\$41,389)
Total Effective Gross Income:	\$786,399
Less Total Expenses/Reserves:	\$300,762
Net Operation Income:	\$485,637
Debt Service:	\$422,293
Net Cash Flow	\$63,344
Debt Service Ratio:	1.15 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.