

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
January 27, 2010

Project Number CA-2010-802

Project Name Buckingham Senior Apartments
Address: 4020 Buckingham Road
Los Angeles, CA 90008 County: Los Angeles

Applicant Information

Applicant: Buckingham Senior Apartments, L.P.
Contact Tim Soule
Address: 1640 S. Sepulveda Blvd., Suite 425
Los Angeles, CA 90025
Phone: (310) 575-3543 Fax: (310) 575-3563
Email: tsoule@metahousing.com
Sponsors Type: Joint Venture

Information

Housing Type: Seniors

Bond Information

Issuer: CRA/LA
Expected Date of Issuance: April 2010
Credit Enhancement: N/A

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$942,394	\$0
Recommended:	\$942,394	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 70
Total # Residential Buildings: 1
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 69 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 69
Number of Units @ or below 60% of area median income: 0

Eligible Basis

Actual: \$21,769,332
Requested: \$21,769,332
Maximum Permitted: \$35,934,256

Adjustments to Threshold Basis Limit:

- Required to Pay Prevailing Wages
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units that are Income Targeted Between 50% AMI & 36% AMI: 53%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units that are Income Targeted at 35% AMI or Below: 16%

<u>Unit Type & Number</u>	<u>2010 Rents Targeted % of Area Median Income</u>	<u>2010 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
6 One-bedroom Unit	25%	25%	\$372
6 One-bedroom Unit	30%	30%	\$446
44 One-bedroom Unit	40%	40%	\$594
2 Two-bedroom Units	25%	25%	\$446
2 Two-bedroom Units	30%	30%	\$535
9 Two-bedroom Units	40%	40%	\$714
1 Two-bedroom Units	Manager's Unit	Manager's Unit	\$1,784

The general partners or principal owners are Western Community Housing, Inc. and Buckingham Senior Apartments, LLC.

The project developer is Meta Housing Corporation.

The management services will be provided by Barker Management, Inc.

The market analysis was provided by Novogradac & Co.

The Local Reviewing Agency, the Los Angeles Housing Department, has completed a site review of this project and strongly supports this project.

Project Financing

Estimated Total Project Cost: \$27,110,002 Per Unit Cost: \$387,286 Construction Cost Per Sq. Foot: \$447

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Hanmi Bank Corporation	\$14,000,000	Hanmi Bank Corporation	\$1,159,034
CRA/LA	\$9,000,000	CRA/LA	\$9,000,000
HCD Neighborhood Stabilization Program	\$4,110,002	HCD Neighborhood Stabilization Program	\$10,000,000
		Investor Equity	\$6,950,968
		TOTAL	\$27,110,002

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,769,332
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$28,300,132
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$942,394
Approved Developer Fee (in Project Cost & Eligible Basis):	\$914,000
Investor:	Red Stone Equity
Federal Tax Credit Factor:	\$0.7375

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 limitation. 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 3.50% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

Special Issues/Other Significant Information: None

Recommendation: Staff recommends that the Committee make a 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
\$942,394	\$0

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 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 will be permitted without the express approval of TCAC.

The applicant must pay TCAC an 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 anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

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 credits 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: The applicant/owner is required to provide the tenants with educational classes and contract for services free of charge for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC.

Project Analyst: Velia Martinez