

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
February 17, 2010

Project Number CA-2010-804

Project Name Garvey Court
Address: 10117-10127 Garvey Avenue
El Monte, CA 91733 County: Los Angeles

Applicant Information

Applicant: Garvey Senior Affordable Partners, L.P.
Contact Monique Hastings
Address: 9 Cushing, Suite 200
Irvine, CA 92618
Phone: (949) 923-7800 **Fax:** (949) 585-0449
Email: mhastings@newportpartners.com
Sponsors Type: Joint Venture

Information

Housing Type: Seniors

Bond Information

Issuer: California Municipal Finance Authority
Expected Date of Issuance: February 1, 2010
Credit Enhancement: N/A

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$808,498	\$0
Recommended:	\$808,498	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: Yes
Total # of Units: 68
Total # Residential Buildings: 1
Federal Setaside Elected: 20%/50%
% & No. of Targeted Units: 100% - 67 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 40% of area median income: 13
Number of Units @ or below 50% of area median income: 54

Eligible Basis

Actual: \$18,242,659
Requested: \$18,242,659
Maximum Permitted: \$30,634,478

Adjustments to Threshold Basis Limit:

Required to Pay Prevailing Wages

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 at 50% AMI or Below: 100%

Unit Type & Number	2010 Rents Targeted % of Area Median Income	2010 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
13 One-bedroom Units	40%	40%	\$594
54 One-bedroom Units	50%	50%	\$743
1 Three-bedroom Unit	Manager's Unit	Manager's Unit	\$0

The general partners or principal owners are Affordable Housing CDC, Inc. and Domus LA, LLC.

The project developer is Domus Development, LLC.

The management services will be provided by Domus Management Company.

The market analysis was provided by Laurin Associates.

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.

Project Financing

Estimated Total Project Cost: \$21,413,511 Per Unit Cost: \$314,905 Construction Cost Per Sq. Foot: \$309

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
US Bank – Tax Exempt Bonds	\$11,000,000	US Bank – Tax Exempt Bonds	\$2,600,000
HCD – NSP1 Affordable Rental Prg.	\$7,000,000	HCD – NSP1 Afford. Rental Program	\$10,000,000
East West Bank – Def. Pymt. Loan	\$1,300,000	East West Bank – Def. Payment Loan	\$1,300,000
East West Bank – Land Donation	\$660,000	East West Bank – Land Donation	\$660,000
Deferred Costs	\$1,403,511	Deferred Developer Fee	\$951,478
Investor Equity	\$50,000	Investor Equity	\$5,902,033
		TOTAL	\$21,413,511

Determination of Credit Amount(s)

Requested Eligible Basis:	\$18,242,659
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$23,715,457
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$808,498
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,309,372
Investor:	Alliant Capital, Ltd.
Federal Tax Credit Factor:	\$0.73

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 with the exception of the developer fee included under rehabilitation eligible basis as explained in the Special Issues section below. 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
\$808,498	\$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: None.

Project Analyst: Jack Waegell