

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2010 First Round

June 9, 2010

Project Number CA-2010-012

Project Name Hayworth House
Site Address: 1234 N Hayworth Ave
West Hollywood, CA 90046 County: Los Angeles
Census Tract: 7002.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$973,381	\$0
Recommended:	\$973,381	\$0

Applicant Information

Applicant: West Hollywood Community Housing Corporation
Contact: Rose Olson
Address: 8285 W Sunset Blvd. Suite 3
West Hollywood, CA 90046
Phone: 323-650-8771 Fax: 323-650-4745
Email: rose@whhc.org

General partner(s) or principal owner(s): West Hollywood Community Housing Corporation
General Partner Type: Nonprofit
Developer: West Hollywood Community Housing Corporation
Investor/Consultant: NEF
Management Agent: HDSI Management

Project Information

Construction Type: Rehabilitation
Total # Residential Buildings: 3
Total # of Units: 48
No. & % of Tax Credit Units: 47 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: None
Affordability Breakdown by % (Lowest Income Points):
30% AMI: 10 %
40% AMI: 20 %
50% AMI: 40 %

Information

Set-Aside: N/A
Housing Type: Seniors
Geographic Area: Los Angeles County
TCAC Project Analyst: Gina Ferguson

Unit Mix

2 SRO/Studio Units
40 1-Bedroom Units
6 2-Bedroom Units
<hr/> 48 Total Units

Unit Type & Number	2009 Rents Targeted % of Area Median Income	2009 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
2 SRO/Studio	40%	39%	\$543
4 1 Bedroom	30%	30%	\$445
8 1 Bedroom	40%	40%	\$594
25 1 Bedroom	50%	50%	\$743
3 1 Bedroom	60%	60%	\$891
1 2 Bedrooms	30%	30%	\$535
1 2 Bedrooms	40%	39%	\$699
2 2 Bedrooms	50%	47%	\$838
1 2 Bedrooms	60%	60%	\$1,070
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost:	\$18,848,030	Construction Cost Per Square Foot:	\$166
		Per Unit Cost:	\$392,667

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo Bank	\$5,275,000	CCRC	\$875,000
City of West Hollywood Loan	\$10,300,000	City of West Hollywood Loan	\$10,300,000
City of West Hollywood Fee Waivers	\$114,672	City of West Hollywood Fee Waivers	\$114,672
Deferred Costs and Fees	\$753,753	Deferred Developer Fee	\$258,000
Tax Credit Equity	\$2,404,605	Tax Credit Equity	\$7,300,358
		TOTAL	\$18,848,030

Determination of Credit Amount(s)

Requested Eligible Basis:	\$8,319,499
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$10,815,349
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$973,381
Approved Developer Fee (in Project Cost & Eligible Basis):	\$956,000
Investor/Consultant:	NEF
Federal Tax Credit Factor:	\$0.75000

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:	\$8,319,499
Actual Eligible Basis:	\$8,664,086
Unadjusted Threshold Basis Limit:	\$8,509,324
Total Adjusted Threshold Basis Limit:	\$8,509,324

Adjustments to Basis Limit: None

Tie-Breaker Information

First:	Seniors
Second:	111.116%

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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. 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:

Applicant requested and received a housing type waiver for the square footage minimum of two existing units.

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, City of West Hollywood, has completed a site review of this project and strongly supports this project.

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
\$973,381	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day Requirements elected, and a Final Reservation. 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

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 ten 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 ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ¼ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ½ mile of medical clinic or hospital	3	3	3
Within ¼ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Other Services Specialist, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Sustainable Building Methods	8	8	8
Energy star rated ceiling fans in bedroom/living room; whole house fan	2	2	2
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
Formaldehyde free cabinets, countertops and shelving	1	1	1
No-VOC interior paint	1	1	1
CRI Green-label, low-VOC carpet and pad	1	1	1
Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
Formaldehyde-free insulation	1	1	1
Recycled materials incorp. into concrete, carpet, road base, landscape	1	1	1
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	20	20	20
State Credit Substitution	2	2	2
Total Points	146	146	146

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 SCORING.