

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 18, 2011

Project Number CA-2011-854

Project Name Terra Bella
Site Address: 5720 Clara Street
Bell Gardens, CA 90201 County: Los Angeles
Census Tract: 5342.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$705,045	\$0
Recommended:	\$705,045	\$0

Applicant Information

Applicant: Terra Bella, LP
Contact: Holly Benson
Address: 701 E. Third Street, Suite 400
Los Angeles, CA 90013
Phone: (213) 225-2708 Fax: (213) 225-2709
Email: hbenson@abodecommunities.org

General partner(s) or principal owner(s): Abode Communities
General Partner Type: Nonprofit
Developer: Abode Communities
Investor/Consultant: California Housing Partnership Corporation
Management Agent: Abode Communities

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 65
No. & % of Tax Credit Units: 64 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax Exempt / HOME / HUD Project-based Section 8 (100% - 64 Units)
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 64

Information

Housing Type: Seniors
 Geographic Area: Los Angeles County
 TCAC Project Analyst: Jack Waegell

Bond Information

Issuer: Housing Authority of the County of Los Angeles
 Expected Date of Issuance: August 16, 2011
 Credit Enhancement: N/A

Unit Mix

62 1-Bedroom Units
 3 2-Bedroom Units

 65 Total Units

<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>
62 1 Bedroom	50%	49%	\$756
2 2 Bedrooms	50%	46%	\$851
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$21,124,288 Construction Cost Per Square Foot: \$177
 Per Unit Cost: \$324,989

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citi Community Capital	\$11,974,000	Citi Community Capital	\$4,463,900
City of Bell Gardens	\$2,600,000	City of Bell Gardens	\$2,600,000
County of Los Angeles	\$2,050,000	County of Los Angeles	\$5,050,000
FHLB - AHP	\$1,000,000	FHLB - AHP	\$1,000,000
GP Equity	\$17,500	Solar Rebates	\$100,000
Deferred Costs	\$2,376,795	GP Equity	\$17,500
Tax Credit Equity	\$1,105,993	Accrued/Deferred Interest	\$97,000
		Deferred Developer Fee	\$1,330,555
		Tax Credit Equity	\$6,465,333
		TOTAL	\$21,124,288

Determination of Credit Amount(s)

Requested Eligible Basis:	\$15,951,255
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$20,736,632
Applicable Rate:	3.40%
Total Maximum Annual Federal Credit:	\$705,045
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,080,555
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.91701

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:	\$15,951,255
Actual Eligible Basis:	\$15,951,255
Unadjusted Threshold Basis Limit:	\$12,750,916
Total Adjusted Threshold Basis Limit:	\$28,052,015

Adjustments to Basis Limit:

Required to Pay Prevailing Wages
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 100%

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 3.40% 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.

Local Reviewing Agency:

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.

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
\$705,045	\$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 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 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 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.

Additional Conditions: Services - none required. Sustainable Building Methods - none required.