

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
October 19, 2011**

**Project Number** CA-2011-901

**Project Name** Slauson Station Apartments  
Site Address: 1707-1717 E. 61st Street  
Los Angeles, CA 90001 County: Los Angeles  
Census Tract: 5327.002

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$545,120	\$0
Recommended:	\$545,120	\$0

**Applicant Information**

Applicant: Slauson Station Apartments, L.P.  
Contact: Zoe Ellas  
Address: 1200 Wilshire Blvd, Suite 610  
Los Angeles, CA 90017  
Phone: 213-251-2111 Fax: 213-251-2113  
Email: zellas@deepgreenhousing.org

General partner(s) or principal owner(s): Deep Green Housing and Community Development  
APEC International, LLC  
General Partner Type: Joint Venture  
Developer: Deep Green Housing and Community Development  
Investor/Consultant: R4 Capital Group  
Management Agent: Beyond Shelter Housing Management

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 30  
No. & % of Tax Credit Units: 29 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt / HOME  
HCD MHP Funding: Yes  
55-Year Use/Affordability: Yes  
Number of Units @ or below 35% of area median income: 13  
Number of Units @ or below 50% of area median income: 16

**Bond Information**

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

**Information**

Housing Type: Large Family  
 Geographic Area: Los Angeles County  
 TCAC Project Analyst: Velia M. Greenwood

**Unit Mix**

5 1-Bedroom Units  
 14 2-Bedroom Units  
 11 3-Bedroom Units  


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 30 Total Units

<b>Unit Type &amp; Number</b>	<b>2011 Rents Targeted % of Area Median Income</b>	<b>2011 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
1 1 Bedroom	30%	30%	\$480
1 1 Bedroom	35%	35%	\$560
3 1 Bedroom	50%	50%	\$801
2 2 Bedrooms	30%	30%	\$576
4 2 Bedrooms	35%	35%	\$672
7 2 Bedrooms	50%	50%	\$961
1 3 Bedrooms	30%	30%	\$666
4 3 Bedrooms	35%	35%	\$777
6 3 Bedrooms	50%	50%	\$1,110
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$13,466,440  
 Estimated Residential Project Cost: \$13,466,440

**Residential**

Construction Cost Per Square Foot: \$126  
 Per Unit Cost: \$448,881

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
Nara Bank	\$6,850,000	Nara Bank	\$957,927
HOME	\$2,398,845	HCD-MHP	\$2,629,300
HACOLA - City of Industry	\$2,300,000	HOME	\$2,398,845
Deferred Costs During Construction	\$380,358	HACOLA - City of Industry	\$2,300,000
Tax Credit Equity	\$1,537,237	Deferred Developer Fee	\$56,243
		Tax Credit Equity	\$5,124,125
		<b>TOTAL</b>	<b>\$13,466,440</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$12,334,257
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$16,034,534
Applicable Rate:	3.40%
Total Maximum Annual Federal Credit:	\$545,120
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,024,200
Investor/Consultant:	R4 Capital Group
Federal Tax Credit Factor:	\$0.94000

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:	\$12,334,257
Actual Eligible Basis:	\$12,334,257
Unadjusted Threshold Basis Limit:	\$7,553,542
Total Adjusted Threshold Basis Limit:	\$21,953,283

**Adjustments to Basis Limit:**

- Required to Pay Prevailing Wages
- Parking Beneath Residential Units
- Environmental Mitigation
- 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 are Income Targeted between 50% AMI & 36% AMI: 55%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 88%

**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. 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:** 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$545,120</b>	<b>\$0</b>

**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:** The applicant/owner is required to provide the tenants with high-speed internet service in each affordable unit of an on-going nature, and will contract with a bona fide service coordinator/social worker 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.

The applicant/owner is required to complete the following Sustainable Building Methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the placed-in-service application is submitted: Projects that develop and commit to certifying the Project under any one of the following programs: A Leadership in Energy & Environmental Design (LEED); Green Communities; or the GreenPoint Rated Multifamily Guidelines.