

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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

Project Number CA-2011-907

Project Name Vineland Avenue Senior Housing
Site Address: 4900 Vineland Avenue
North Hollywood, CA 91601 County: Los Angeles
Census Tract: 1255.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$719,209	\$0
Recommended:	\$719,209	\$0

Applicant Information

Applicant: Menorah Housing Foundation
Contact: Anne Friedrich
Address: 10991 W. Pico Blvd.
Los Angeles, CA 90064
Phone: (310) 475-6083 Fax: (310) 475-6267
Email: afriedrich@menorahhousing.org

General partner(s) or principal owner(s): Menorah Housing Foundation
General Partner Type: Nonprofit
Developer: Menorah Housing Foundation
Investor/Consultant: California Housing Partnership Corp.
Management Agent: Menorah Housing Foundation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 82
No. & % of Tax Credit Units: 81 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax Exempt / HUD 202 Loan and Subsidy (81 units - 100%)
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 81

Bond Information

Issuer: Los Angeles Housing Department
 Expected Date of Issuance: 02/28/12
 Credit Enhancement: None

Information

Housing Type: Seniors
 Geographic Area: Los Angeles County
 TCAC Project Analyst: Nicola Hil

Unit Mix

81 1-Bedroom Units
 1 2-Bedroom Units

 82 Total Units

<u>Unit Type & Number</u>	<u>2011 Rents Targeted % of Area Median Income</u>	<u>2011 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
81 1 Bedroom	50%	30%	\$487
1 2 Bedrooms	Manager's Unit	Manager's Unit	0

Project Financing

Estimated Total Project Cost: \$21,894,602 Construction Cost Per Square Foot: \$175
 Per Unit Cost: \$267,007

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Tax Exempt Bond Proceeds	\$17,625,055	HUD 202 Capital Grant	\$12,953,300
Los Angeles Housing Department	\$1,200,212	Los Angeles Housing Department	\$1,200,212
HUD Predevelopment Grant	\$400,000	HUD Predevelopment Grant	\$400,000
Costs Deferred Until Completion	\$931,315	Rent Up Reserve Repayment	\$209,000
GP Equity	\$10,000	GP Equity	\$10,000
Tax Credit Equity	\$1,728,020	Tax Credit Equity	\$7,122,090
		TOTAL	\$21,894,602

Determination of Credit Amount(s)

Requested Eligible Basis: \$16,271,703
 130% High Cost Adjustment: Yes
 Applicable Fraction: 100.00%
 Qualified Basis: \$21,153,214
 Applicable Rate: 3.40%
 Maximum Annual Federal Credit: \$719,209
 Approved Developer Fee (in Project Cost & Eligible Basis): \$1,185,460
 Investor/Consultant: California Housing Partnership Corp.
 Federal Tax Credit Factor: \$0.99027

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:	\$16,271,703
Actual Eligible Basis:	\$16,271,703
Unadjusted Threshold Basis Limit:	\$15,974,158
Total Adjusted Threshold Basis Limit:	\$31,948,316

Adjustments to Basis Limit:

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. 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: Project has requested a forward commitment from CDLAC and is no longer scheduled for the November 2011 CDLAC meeting.

Local Reviewing Agency:

The Local Reviewing Agency, Los Angeles Housing Department, 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
\$719,209	\$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: None