

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project**

February 1, 2012

REVISED

Project Number CA-2012-806

Project Name Vista Angelina Family Apartments
Site Address: 418 East Edgeware Road
Los Angeles, CA 90026 County: Los Angeles
Census Tract: 2080.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$768,316	\$0
Recommended:	\$768,316	\$0

Applicant Information

Applicant: Vista Angelina Housing Partners, L.P.
Contact: Frank Cardone
Address: 18201 Von Karman Avenue, Suite 900
Irvine, CA 92612
Phone: (949) 660-7272 **Fax:** (949) 660-7273
Email: fcardone@related.com

General partner(s) or principal owner(s): Related\Vista Angelina Development Co., LLC
Vista Angelina Housing Partners MGP, LLC

General Partner Type: Joint Venture

Developer: The Related Companies of California

Investor/Consultant: Centerline Capital Group

Management Agent: Related Management Company

Project Information

Construction Type: Acquisition & Rehabilitation

Total # Residential Buildings: 1

Total # of Units: 108

No. & % of Tax Credit Units: 106 100%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: Tax-Exempt / HOME

HCD MHP Funding: No

55-Year Use/Affordability: Yes

Number of Units @ or below 35% of area median income: 21

Number of Units @ or below 50% of area median income: 85

Bond Information

Issuer: Los Angeles Housing Department
 Expected Date of Issuance: April 18, 2012
 Credit Enhancement: N/A

Information

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

Unit Mix

10 1-Bedroom Units
 65 2-Bedroom Units
 18 3-Bedroom Units
 15 4-Bedroom Units

 108 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>
2 1 Bedroom	35%	35%	\$560
8 1 Bedroom	50%	50%	\$801
13 2 Bedrooms	35%	35%	\$672
52 2 Bedrooms	50%	50%	\$961
3 3 Bedrooms	35%	35%	\$777
14 3 Bedrooms	50%	50%	\$1,110
3 4 Bedrooms	35%	35%	\$867
11 4 Bedrooms	50%	50%	\$1,238
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0
1 4 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$23,694,884
 Estimated Residential Project Cost: \$23,694,884

Residential

 Construction Cost Per Square Foot: \$33
 Per Unit Cost: \$219,397

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Union Bank Tax Exempt Bonds	\$11,831,301	Union Bank Tax Exempt Bonds	\$6,059,000
LAHD - HOME	\$8,925,000	LAHD - HOME	\$8,925,000
Income from Operations	\$312,612	Income from Operations	\$312,613
Deferred Costs	\$133,144	Deferred Developer Fee	\$1,100,000
Reserves	\$263,000	Tax Credit Equity	\$7,298,271
Deferred Developer Fee	\$1,500,000		
Tax Credit Equity	\$729,827	TOTAL	\$23,694,884

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$7,535,322
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$14,213,954
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$9,795,919
Applicable Rate:	3.20%
Qualified Basis (Acquisition):	\$14,213,954
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$313,469
Maximum Annual Federal Credit, Acquisition:	\$454,847
Total Maximum Annual Federal Credit:	\$768,316
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	Centerline Capital Group
Federal Tax Credit Factor:	\$0.94990

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:	\$21,749,276
Actual Eligible Basis:	\$21,749,276
Unadjusted Threshold Basis Limit:	\$27,593,566
Total Adjusted Threshold Basis Limit:	\$68,432,044

Adjustments to 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 are Income Targeted between 50% AMI & 36% AMI: 80%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 38%

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 3.20% 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: This project involves the re-syndication of an existing 9% tax credit project known as Temple / Edgeware Apartments , CA-93-035, which originally placed-in-service on December 5, 1995.

Local Reviewing Agency:

The Local Reviewing Agency, the 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
\$768,316	\$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: The applicant/owner is required to provide the tenants with the following Service Amenities 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:

- After school program
- Bona fide service coordinator