

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2012 First Round

July 11, 2012

REVISED

Project Number CA-12-106

Project Name Rosslyn Hotel Apartments
Site Address: 112 West 5th Street
Los Angeles, CA 90013 County: Los Angeles
Census Tract: 2073.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,251,432	\$0
Recommended:	\$1,251,432	\$0

Applicant Information

Applicant: Rosslyn Hotel Apartments, L.P. & SRO Housing Corporation
Contact: Joseph Corcoran
Address: 354 S. Spring Street, Suite 400
Los Angeles, CA 90013
Phone: 213-229-9640 Fax: 213-633-5468
Email: josephc@srohousing.org

General partner(s) or principal owner(s): Single Room Occupancy Housing Corporation
General Partner Type: Nonprofit
Developer: Single Room Occupancy Housing Corporation
Investor/Consultant: Enerprise Community Investment
Management Agent: Single Room Occupancy Housing Corporation

Project Information

Construction Type: Rehabilitation-Only
Total # Residential Buildings: 1
Total # of Units: 264
No. & % of Tax Credit Units: 262 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HOME / HUD Section 8 Project-based Vouchers (93 units / 36%)
Average Targeted Affordability of Special Needs/SRO Project Units: 39.71%
Affordability Breakdown by Units and % (Lowest Income Points):
30% AMI: 93 35 %
35% AMI: 32 10 %
40% AMI: 34 10 %
45% AMI: 53 20 %

Information

Set-Aside: N/A
 Housing Type: Single Room Occupancy
 Geographic Area: Los Angeles County
 TCAC Project Analyst: Jack Waegell

Unit Mix

264 SRO/Studio Units
264 Total Units

<u>Unit Type & Number</u>	<u>2012 Rents Targeted % of Area Median Income</u>	<u>2012 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
93 SRO/Studio	30%	30%	\$443
32 SRO/Studio	35%	21%	\$309
34 SRO/Studio	40%	30%	\$449
53 SRO/Studio	45%	38%	\$556
50 SRO/Studio	55%	42%	\$622
2 SRO/Studio	Manager's Unit	Manager's Unit	\$622

Project Financing

Estimated Total Project Cost: \$33,166,436
 Estimated Residential Project Cost: \$31,888,497
 Estimated Commercial Project Cost: \$1,277,939

Residential

Construction Cost Per Square Foot: \$86
 Per Unit Cost: \$120,790

Construction Financing

<u>Source</u>	<u>Amount</u>
Union Bank	\$14,000,000
Los Angeles Housing Department	\$8,138,435
CRALA (Successor LAHD)	\$5,000,000
Deferred Costs and Fees	\$1,815,640
Tax Credit Equity	\$4,212,361

Permanent Financing

<u>Source</u>	<u>Amount</u>
Union Bank Tranche A	\$189,586
Union Bank Tranche B	\$3,336,414
Los Angeles Housing Department	\$8,138,435
CRALA (Successor LAHD)	\$5,000,000
Deferred Developer Fee	\$400,000
Historic Tax Credit Equity	\$3,587,686
Tax Credit Equity	\$12,514,315
TOTAL	\$33,166,436

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$10,695,996
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$13,904,795
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,251,432
Approved Developer Fee in Project Cost:	\$1,400,000
<i>Approved Residential Developer Fee:</i>	\$1,342,470
<i>Approved Commercial Developer Fee:</i>	\$57,530
Approved Developer Fee in Eligible Basis:	\$1,342,470
Investor/Consultant:	Enerprise Community Investment
Federal Tax Credit Factor:	\$1.00000

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:	\$10,695,996
Actual Eligible Basis:	\$13,933,274
Unadjusted Threshold Basis Limit:	\$41,607,720
Total Adjusted Threshold Basis Limit:	\$54,090,036

Adjustments to Basis Limit:

Required to Pay Prevailing Wages
95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Single Room Occupancy
Second:	75.907%

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 meet 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. 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 rehabilitaton of the historic Rosslyn Hotel. The project will have Section 8 project-based vouchers from the Housing Authority of the City of Los Angeles for 93 units (36%).

In addition to the 2 on-site managers' units, the project will have a 24-hour desk staffing.

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, 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
\$1,251,432	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness to Proceed 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 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.

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: The project is required under regulation section 10325(g)(3)(G) to provide adequate laundry facilities with no fewer than one washer and one dryer for every 15 units in the project.

At the 90-day submission of the Letter of Intent from the project's equity partner required under regulation section 10325(c)(8), the Letter of Intent must include the historic tax credits and historic tax credit equity as part of the agreement in addition to the low-income housing tax credits and low-income housing tax-credit equity.

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 ½ mile of public park or community center open to general public	2	2	2
Within ¼ mile of public library	3	3	3
Within ¼ mile of a neighborhood market of at least 5,000 sf	4	4	4
Special Needs/SRO project within ½ mile of facility serving tenant pop.	3	3	3
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
SRO HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrm	5	5	5
Health/behavioral services provided by licensed org. or individual	5	5	5
Sustainable Building Methods	10	10	10
REHABILITATION			
Rehabilitate to improve energy efficiency (change in HERS II rating): 20%	5	5	5
Additional rehab measures: PV generation that offsets either 50% of	3	3	3
Additional rehab measures: Sustainable Building Mgmt Practices	3	3	3
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
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Historic Preservation	1	1	1
Total Points	148	148	148

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.