

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2012 Second Round
October 10, 2012

Project Number CA-12-123

Project Name Burlington Family Apartments
 Site Address: 409-415 South Burlington Avenue
 Los Angeles, CA 90057 County: Los Angeles
 Census Tract: 2089.040

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$822,413	\$0
Recommended:	\$822,413	\$0

Applicant Information

Applicant: Burlington Family Housing, L.P.
 Contact: Sarah White
 Address: 1200 Wilshire Boulevard, Suite 520
 Los Angeles, CA 90017
 Phone: 213-316-0108 Fax: 213-316-0111
 Email: swhite@mhala.org

General partner(s) or principal owner(s): Burlington Family Apartments, LLC
 General Partner Type: Nonprofit
 Developer: Clifford Beers Housing, Inc.
 Consultant: California Housing Partnership Corporation
 Management Agent: The John Stewart Company

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: HUD Section 8 Project-based Vouchers (15 Units / 50%)
 Utility Allowance: CUAC
 Average Targeted Affordability of Special Needs/SRO Project Units: 38.10%
 Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	15	50 %
40% AMI:	4	10 %
50% AMI:	3	10 %

Information

Set-Aside: Nonprofit Homeless Assistance
 Housing Type: Special Needs (50%) and Large Family (50%)
 Type of Special Needs: Homeless and Persons with Disabilities
 % of Special Need Units: 15 units 50%
 Geographic Area: Los Angeles County
 TCAC Project Analyst: Jack Waegell

Unit Mix

4 SRO/Studio Units
 2 1-Bedroom Units
 15 2-Bedroom Units
 9 3-Bedroom Units

 30 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>
* 2 SRO/Studio	25%	25%	\$369
* 2 1 Bedroom	25%	25%	\$395
* 7 2 Bedrooms	25%	25%	\$474
* 4 3 Bedrooms	25%	25%	\$548
3 2 Bedrooms	40%	40%	\$759
1 3 Bedrooms	40%	40%	\$877
1 SRO/Studio	50%	50%	\$738
1 2 Bedrooms	50%	50%	\$948
1 3 Bedrooms	50%	50%	\$1,096
1 SRO/Studio	60%	60%	\$886
3 2 Bedrooms	60%	60%	\$1,138
3 3 Bedrooms	60%	60%	\$1,315
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

* Special needs designated units with rental subsidy.

Project Financing

Estimated Total Project Cost: \$14,163,274
 Estimated Residential Project Cost: \$14,163,274

Residential

Construction Cost Per Square Foot: \$166
 Per Unit Cost: \$472,109

Construction Financing

<u>Source</u>	<u>Amount</u>
Wells Fargo Bank	\$9,074,634
HACoLA: City of Industry	\$2,425,000
Costs Deferred Until Conversion	\$585,539
Deferred Developer Fee	\$902,500
General Partner Equity	\$100
Tax Credit Equity	\$1,175,501

Permanent Financing

<u>Source</u>	<u>Amount</u>
HCD - MHP Supportive Housing	\$2,458,892
HACoLA: City of Industry	\$2,425,000
Deferred Developer Fee	\$902,500
General Partner Equity	\$100
Tax Credit Equity	\$8,376,782
TOTAL	\$14,163,274

Determination of Credit Amount(s)

Requested Eligible Basis:	\$8,435,000
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$10,965,501
Applicable Rate:	7.50%
Total Maximum Annual Federal Credit:	\$822,413
Approved Developer Fee in Project Cost:	\$1,592,500
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$1.01856

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:	\$8,435,000
Actual Eligible Basis:	\$12,023,224
Unadjusted Threshold Basis Limit:	\$6,807,038
Total Adjusted Threshold Basis Limit:	\$9,840,809

Adjustments to Basis Limit:

Required to Pay Prevailing Wages
Parking Beneath Residential Units

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Irrigated with reclaimed water, greywater, or rainwater (excluding community gardens)
- Install bamboo, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all kitchens, living rooms, and bathrooms where no VOC adhesives or backing is used
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all common areas
- Project meets all requirements of US EPA Indoor Air Plus Program.

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Special Needs
Second:	52.423%

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 7.50% 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 has HUD Section 8 project-based vouchers for the 15 special needs units through the Housing Authority of the City of Los Angeles.

The preliminary drawings in the application did not show the project's outdoor play facilities. Under the large family housing type requirement, regulation section 10325(g)(1)(D), the project is required to provide outdoor play/recreational facilities suitable and available to all tenants, for children of all ages by the project's placed-in-service date.

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 City of Los Angeles, has completed a site review of this project and 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
\$822,413	\$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: None.

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
Large Family proj. w/i 1/2 mile of public middle school children may attend	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
SPECIAL NEEDS & LARGE FAMILY HOUSING TYPES			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION			
Develop project in accordance w/ requirements of: LEED	5	5	5
Energy efficiency beyond CA Building Code Title 24 requirements: 20%	5	5	5
Develop project to requirements of: LEED Silver	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
Universal Design	1	1	1
Smoke Free Residence	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.