

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

Project Number CA-12-131

Project Name Las Alturas
 Site Address: 3535 East Whittier Blvd.
 Los Angeles, CA 90023 County: Los Angeles
 Census Tract: 2049.100

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,340,523	\$0
Recommended:	\$1,340,523	\$0

Applicant Information

Applicant: Las Alturas RHF Housing Partners, L.P.
 Contact: Anders Plett
 Address: 911 North Studebaker Road
 Long Beach CA 90815
 Phone: 562-257-5309 Fax: 562-493-7042
 Email: anders.plett@rhf.org

General partner(s) or principal owner(s): Las Alturas RHF Housing, LLC
 General Partner Type: Nonprofit
 Developer: Retirement Housing Foundation
 Investor/Consultant: US Bank
 Management Agent: Foundation Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 78
 No. & % of Tax Credit Units: 77 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 202 Project Rental Assistance Contract
 (PRAC) (74 units-95%)
 Affordability Breakdown by Units and % (Lowest Income Points):
 30% AMI: 8 10 %
 40% AMI: 19 20 %
 50% AMI: 31 40 %

Information

Set-Aside: N/A
 Housing Type: Seniors
 Geographic Area: Los Angeles County
 TCAC Project Analyst: Marisol Parks

Unit Mix

77 1-Bedroom Units
 1 2-Bedroom Units

 78 Total Units

Unit Type & Number	2012 Rents Targeted % of Area Median Income	2012 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
8 1 Bedroom	30%	30%	\$474
19 1 Bedroom	40%	30%	\$474
31 1 Bedroom	50%	30%	\$474
16 1 Bedroom	60%	30%	\$474
3 1 Bedroom	60%	57%	\$895
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$26,581,387
 Estimated Residential Project Cost: \$26,581,387

Residential

Construction Cost Per Square Foot: \$173
 Per Unit Cost: \$340,787

Construction Financing

Source	Amount
US Bank	\$9,245,738
HUD Section 202	\$12,505,900
Tax Credit Equity	\$3,519,541

Permanent Financing

Source	Amount
HUD Section 202	\$12,505,900
Tax Credit Equity	\$14,075,487
TOTAL	\$26,581,387

Determination of Credit Amount(s)

Requested Eligible Basis: \$13,748,950
 130% High Cost Adjustment: Yes
 Applicable Fraction: 100.00%
 Qualified Basis: \$17,873,636
 Applicable Rate: 7.50%
 Maximum Annual Federal Credit: \$1,340,523
 Approved Developer Fee in Project Cost: \$1,400,000
 Approved Developer Fee in Eligible Basis: \$1,334,000
 Investor/Consultant: US Bank
 Federal Tax Credit Factor: \$1.05000

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:	\$13,748,950
Actual Eligible Basis:	\$20,863,732
Unadjusted Threshold Basis Limit:	\$14,211,409
Total Adjusted Threshold Basis Limit	\$19,818,923

Adjustments to Basis Limit:

- Required to Pay Prevailing Wages
- Parking Beneath Residential Units
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Seniors
Second:	73.319%

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, or, in the case of acquisition credit or credit combined with federal subsidies, 3.20%. 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: The project has HUD Section 202 program funding and a corresponding Project Rental Assistance Contract (PRAC) for 95% of the tax credit units.

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 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:

Federal Tax Credits/Annual	State Tax Credits/Total
\$1,340,523	\$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
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
Within ¼ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, minimum 60 hrs/yr instruction	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: LEED	5	5	5
Energy efficiency beyond CA Building Code Title 24 requirements: 18%	3	3	3
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
Qualified Census Tract	2	2	2
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.