

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

Project Number CA-12-234

Project Name Los Feliz Apartments
 Site Address: 1972, 1990, 1994, 2020 & 2026 Los Feliz Drive
 Thousand Oaks, CA 91362 County: Ventura
 Census Tract: 71.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,165,901	\$0
Recommended:	\$1,165,901	\$0

Applicant Information

Applicant: Los Feliz 51 L.P.
 Contact: Douglas Tapking
 Address: 1400 West Hillcrest Drive
 Newbury Park CA 91320
 Phone: (805) 480-9991 Fax: (805) 480-1021
 Email: dtapking@ahacv.org

General partner(s) or principal owner(s): Area Housing Authority of the County of Ventura
 General Partner Type: Nonprofit
 Developer: Area Housing Authority of the County of Ventura
 Investor/Consultant: RedStone Equity Partners
 Management Agent: Area Housing Authority of the County of Ventura

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 8
 Total # of Units: 36
 No. & % of Tax Credit Units: 35 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project Based Vouchers (35 units - 100%)
 Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	4	10 %
35% AMI:	4	10 %
40% AMI:	4	10 %
50% AMI:	9	25 %

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Benjamin Schwartz

Unit Mix

6 1-Bedroom Units
 19 2-Bedroom Units
 11 3-Bedroom Units

 36 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>
1 1 Bedroom	30%	30%	\$502
4 1 Bedroom	35%	35%	\$586
1 1 Bedroom	40%	40%	\$670
1 2 Bedrooms	30%	30%	\$603
3 2 Bedrooms	40%	40%	\$804
9 2 Bedrooms	50%	50%	\$1,005
5 2 Bedrooms	60%	60%	\$1,206
2 3 Bedrooms	30%	30%	\$696
9 3 Bedrooms	60%	60%	\$1,393
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$22,544,277
 Estimated Residential Project Cost: \$22,544,277

Residential

Construction Cost Per Square Foot: \$187
 Per Unit Cost: \$626,230

Construction Financing

<u>Source</u>	<u>Amount</u>
Bank of America	\$11,355,783
Area HA of the County of Ventura	\$5,060,000
Area HA of the County of Ventura	\$1,497,900
Deferred Developer Fee	\$1,657,843
Tax Credit Equity	\$2,972,751

Permanent Financing

<u>Source</u>	<u>Amount</u>
Bank of America-Tranche A Loan	\$1,430,076
Bank of America-Tranche B Loan	\$2,033,924
Area HA of the County of Ventura	\$5,060,000
Area HA of the County of Ventura	\$1,497,900
Deferred Developer Fee	\$631,374
Tax Credit Equity	\$11,891,003
TOTAL	\$21,114,201

Determination of Credit Amount(s)

Requested Eligible Basis:	\$11,957,962
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$15,545,350
Applicable Rate:	7.50%
Total Maximum Annual Federal Credit:	\$1,165,901
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	RedStone Equity Partners
Federal Tax Credit Factor:	\$1.01990

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:	\$11,957,962
Actual Eligible Basis:	\$15,516,350
Unadjusted Threshold Basis Limit:	\$8,524,096
Total Adjusted Threshold Basis Limit:	\$11,957,962

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

Parking Beneath Residential Units

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

- Project has onsite renewable generation estimated to produce 75% or more of annual common area electricity use as indicated in TCAC Regulations.

Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Second:	63.291%

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:

Staff noted a per unit development cost of \$626,230, which is relatively higher than the average in the geographic area. The high per unit cost is attributed to high real estate costs for the area specifically \$148,237 per unit for land alone, construction of significant retaining walls do to sloped grading of project site, and the construction of one level of subterranean parking.

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, City of Thousand Oaks, 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
\$1,165,901	\$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 regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within ¼ mile of school grounds/facilities open to public with JUA	3	3	3
Within ½ mile of a neighborhood market of at least 5,000 sf	3	3	3
Large Family proj. w/i ½ mile of middle school project children may attend.	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
In-unit high speed internet service	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
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: GreenPoint Rated Multifam	5	5	5
Energy efficiency beyond CA Building Code Title 24 requirements: 18%	2	2	2
Develop project to requirements of: GreenPoint Rated Multifami 100	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
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.