

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**December 11, 2013**

**Project Number** CA-13-895

**Project Name** Los Feliz Apartments Phase 2  
 Site Address: 1972 Los Feliz Drive  
 Thousand Oaks, CA 91362 County: Ventura  
 Census Tract: 71.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$318,111	\$0
Recommended:	\$310,326	\$0

**Applicant Information**

Applicant: Area Housing Authority of the County of Ventura  
 Contact: Mike Nigh  
 Address: 1400 West Hillcrest Drive  
 Newbury Park, CA 91320  
 Phone: (805) 480-9991 Fax: (805) 480-1021  
 Email: mnigh@ahacv.org

General Partner(s) or Principal Owner(s): Just Housing, Inc.  
 Area Housing Authority of the County of Ventura  
 General Partner Type: Nonprofit  
 Parent Company(ies): Area Housing Authority of the County of Ventura  
 Developer: Area Housing Authority of the County of Ventura  
 Investor/Consultant: Bank of America  
 Management Agent: Area Housing Authority of the County of Ventura

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 3  
 Total # of Units: 20  
 No. & % of Tax Credit Units: 19 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-Based Vouchers (19 units - 100%)  
 HCD MHP Funding: No  
 55-Year Use/Affordability: Yes  
 Number of Units @ or below 50% of area median income: 2  
 Number of Units @ or below 60% of area median income: 17

**Bond Information**

Issuer: Area Housing Authority of the County of Ventura  
 Expected Date of Issuance: February 15, 2014  
 Credit Enhancement: None

**Information**

Housing Type: Large Family  
 Geographic Area: Central Coast Region  
 TCAC Project Analyst: Benjamin Schwartz

**Unit Mix**

12 2-Bedroom Units  
 8 3-Bedroom Units  


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 20 Total Units

<u>Unit Type &amp; Number</u>	<u>2013 Rents Targeted % of Area Median Income</u>	<u>2013 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 2 Bedrooms	50%	50%	\$983
10 2 Bedrooms	60%	60%	\$1,180
1 3 Bedrooms	50%	50%	\$1,136
7 3 Bedrooms	60%	60%	\$1,363
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$8,303,138  
 Estimated Residential Project Cost: \$8,303,138

**Residential**

Construction Cost Per Square Foot: \$240  
 Per Unit Cost: \$415,157

**Construction Financing**

<u>Source</u>	<u>Amount</u>
Tax-Exempt Bonds	\$5,500,000
Area Housing Authority County of Ventura	\$1,101,945
Deferred Developer Fee	\$951,193
Tax Credit Equity	\$750,000

**Permanent Financing**

<u>Source</u>	<u>Amount</u>
Tax-Exempt Bonds	\$1,499,850
Tax-Exempt Bonds	\$1,073,671
Area Housing Authority County of Ventura	\$1,887,653
Deferred Developer Fee	\$561,348
Solar Credit Equity	\$85,500
Tax Credit Equity	\$3,195,116
<b>TOTAL</b>	<b>\$8,303,138</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis: \$7,459,751  
 130% High Cost Adjustment: Yes  
 Applicable Fraction: 100.00%  
 Qualified Basis: \$9,697,676  
 Applicable Rate: 3.20%  
 Total Maximum Annual Federal Credit: \$310,326  
 Approved Developer Fee (in Project Cost & Eligible Basis): \$981,193  
 Investor/Consultant: Bank of America  
 Federal Tax Credit Factor: \$1.02960

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:	\$7,459,751
Actual Eligible Basis:	\$7,459,751
Unadjusted Threshold Basis Limit:	\$5,746,816
Total Adjusted Threshold Basis Limit:	\$8,840,478

**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 50% or more of annual electricity use as indicated in TCAC Regulations.

Local Development Impact Fees

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 10%

**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:** None

**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**  
**\$310,326**

**State Tax Credits/Total**  
**\$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 a reservation 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 complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The project commits to becoming certified under any one of the following programs: Leadership in Energy & Environmental Design (LEED); Green Communities; or the GreenPoint Rated Multifamily Guidelines
- The project will exceed Title 24 Standards for New Construction / Adaptive Reuse by 25% of the California Building Code.
- The rehabilitation project commits to including photovoltaic (PV) generation that offsets 50% of common area load (if the combined available roof area of the project structures, including carports, is insufficient for provision of 50% of annual common area electricity use then the project shall have onsite renewable generation based on at least 90% of the available solar accessible roof area).