

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**May 21, 2014**

**Project Number** CA-14-849

**Project Name** 615 Manhattan (f.k.a. Christ Unity Manor)  
Site Address: 615 S. Manhattan Place  
Los Angeles, CA 90005 County: Los Angeles  
Census Tract: 2117.040

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,016,145	\$0
Recommended:	\$1,016,145	\$0

**Applicant Information**

Applicant: Manhattan Housing Partners, LP  
Contact: David Beacham  
Address: 169 Saxony Road, Suite 103  
Encinitas, CA 92024  
Phone: (760) 557-1480 Fax: (760) 452-5474  
Email: david.beacham@vitusgroup.com

General Partner(s) or Principal Owner(s): Manhattan Housing Partners MGP, LLC  
General Partner Type: Nonprofit  
Parent Company(ies): Affordable Housing Access, Inc.  
Developer: Vitus Development, LLC  
Investor/Consultant: City Real Estate Advisors  
Management Agent: US Residential Group

**Project Information**

Construction Type: Acquisition & Rehabilitation  
Total # Residential Buildings: 1  
Total # of Units: 156  
No. & % of Tax Credit Units: 154 100.00%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Contract (93% - 146 Units)  
HCD MHP Funding: No  
55-Year Use/Affordability: Yes  
Number of Units @ or below 50% of area median income: 16  
Number of Units @ or below 60% of area median income: 138

**Bond Information**

Issuer: California Municipal Finance Authority  
 Expected Date of Issuance: May 31, 2014  
 Credit Enhancement: N/A

**Information**

Housing Type: At-Risk  
 Geographic Area: City of Los Angeles  
 TCAC Project Analyst: Jack Waegell

**Unit Mix**

156 1-Bedroom Units  
 156 Total Units

<u>Unit Type &amp; Number</u>	<u>2014 Rents Targeted % of Area Median Income</u>	<u>2014 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
130 1 Bedroom	60%	60%	\$917
8 1 Bedroom	60%	60%	\$917
16 1 Bedroom	50%	50%	\$764
2 1 Bedroom	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$32,700,000  
 Estimated Residential Project Cost: \$32,700,000

**Residential**

Construction Cost Per Square Foot: \$43  
 Per Unit Cost: \$209,615

**Construction Financing**

**Permanent Financing**

<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank - Tax Exempt Bonds	\$26,500,000	Citibank - Tax Exempt Bonds	\$21,500,000
Deferred Developer Fee	\$2,000,000	Deferred Developer Fee	\$1,130,003
Tax Credit Equity	\$4,200,000	Tax Credit Equity	\$10,069,997
		<b>TOTAL</b>	<b>\$32,700,000</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation): \$7,179,408  
 130% High Cost Adjustment: Yes  
 Requested Eligible Basis (Acquisition): \$20,910,170  
 Applicable Fraction: 100.00%  
 Qualified Basis (Rehabilitation): \$9,333,230  
 Qualified Basis (Acquisition): \$20,910,170  
 Applicable Rate: 3.36%  
 Maximum Annual Federal Credit, Rehabilitation: \$313,564  
 Maximum Annual Federal Credit, Acquisition: \$702,581  
 Total Maximum Annual Federal Credit: \$1,016,145  
 Approved Developer Fee (in Project Cost & Eligible Basis): \$2,500,000  
 Investor/Consultant: City Real Estate Advisors  
 Federal Tax Credit Factor: \$0.99100

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:	\$28,089,578
Actual Eligible Basis:	\$28,089,578
Unadjusted Threshold Basis Limit:	\$34,038,108
Total Adjusted Threshold Basis Limit:	\$37,441,919

**Adjustments to Basis Limit:**

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 3.36% 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 two HUD Section 8 project-based contracts for a combined 146 units (93%). One contract covers 115 units and the other covers 36 units.

This is a Senior age-restricted project.

**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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$1,016,145</b>	<b>\$0</b>

**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:** None.