

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2014 First Round**  
**June 11, 2014**

**Project Number** CA-14-057

**Project Name** Immanuel Senior Housing  
 Site Address: 3215 3rd Street, 304 Obispo  
 Long Beach, CA 90814 County: Los Angeles  
 Census Tract: 5771.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$617,482	\$0
Recommended:	\$617,482	\$0

**Applicant Information**

Applicant: Immanuel Community Housing LP  
 Contact: Andrew Gross  
 Address: 11812 San Vicente Blvd., Suite 600  
 Los Angeles, CA 90049  
 Phone: 310-820-4888 Fax: 310-207-6986  
 Email: andrew@tsahousing.com

General Partner(s) / Principal Owner(s): Immanuel Community Housing LLC  
 Clifford Beers Housing  
 General Partner Type: Joint Venture  
 Parent Company(ies): Thomas Safran & Associates Development Inc.  
 Clifford Beers Housing  
 Developer: Thomas Safran & Associates Development Inc.  
 Investor/Consultant: Union Bank NA  
 Management Agent(s): The John Stewart Company

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 25  
 No. & % of Tax Credit Units: 24 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HOME  
 Average Targeted Affordability of Special Needs/SRO Project Units: 38.33%  
 Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	4	15 %
40% AMI:	4	15 %
45% AMI:	6	25 %
50% AMI:	3	10 %

**Information**

Set-Aside: N/A  
 Housing Type: Special Needs  
 Type of Special Needs: Homeless Veterans  
 % of Special Need Units: 12 units 50%  
 Geographic Area: Balance of Los Angeles County  
 TCAC Project Analyst: Marisol Parks

**Unit Mix**

25 1-Bedroom Units  
 25 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>
7 1 Bedroom	60%	60%	\$917
3 1 Bedroom	50%	50%	\$764
2 1 Bedroom	45%	45%	\$687
4 1 Bedroom *	45%	17%	\$260
4 1 Bedroom *	40%	17%	\$260
4 1 Bedroom *	30%	17%	\$260
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

\* Special Needs Units

**Project Financing**

Estimated Total Project Cost: \$10,966,051  
 Estimated Residential Project Cost: \$10,966,051

**Residential**

Construction Cost Per Square Foot: \$172  
 Per Unit Cost: \$438,642

**Construction Financing**

<u>Source</u>	<u>Amount</u>
Union Bank	\$4,629,205
Long Beach CIC <sup>1</sup> HOME	\$1,650,000
HCD - Prop 1C Infill Infrastructure	\$987,600
LA County CDC <sup>2</sup>	\$1,817,500
Deferred Developer Fee	\$974,139
Tax Credit Equity	\$907,608

**Permanent Financing**

<u>Source</u>	<u>Amount</u>
Long Beach CIC <sup>1</sup> HOME	\$1,650,000
HCD - Prop 1C Infill Infrastructure	\$987,600
LA County CDC <sup>2</sup>	\$1,817,500
AHP	\$360,000
Deferred Developer Fee	\$100,233
Tax Credit Equity	\$6,050,718
<b>TOTAL</b>	<b>\$6,510,950</b>

<sup>1</sup> Long Beach Community Investment Company

<sup>2</sup> Los Angeles County Community Development Commission

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$6,168,651
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$8,019,246
Applicable Rate:	7.70%
Total Maximum Annual Federal Credit:	\$617,482
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,146,045
Investor/Consultant:	Union Bank NA
Federal Tax Credit Factor:	\$0.97990

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:	\$6,168,651
Actual Eligible Basis:	\$8,786,349
Unadjusted Threshold Basis Limit:	\$4,741,875
Total Adjusted Threshold Basis Limit:	\$6,818,652

**Adjustments to Basis Limit:**

- Required to Pay Prevailing Wages
- Seismic Upgrading
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First:	<b>Special Needs</b>
Second:	<b>58.657%</b>

**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 7.70% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.36%. 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 proposed project will consist of 24 affordable tax credit units for seniors with 12 of the units targeted for homeless veterans. The Los Angeles County Department of Health Services (DHS) intends to provide an annual operating subsidy in the approximate amount of \$79,000 to ensure 12 of the 24 units in the project are affordable to the DHS target population. The remaining 12 affordable tax credit units will meet the Senior housing type requirements.

**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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$617,482</b>	<b>\$0</b>

**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

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Public Funds	20	20	20
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
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 ½ mile of a neighborhood market of at least 5,000 sf	3	3	3
Within ½ mile of a pharmacy	1	1	1
In-unit high speed internet service	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
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
SPECIAL NEEDS AND SRO HOUSING TYPES			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, minimum 84 hrs/yr instruction	5	5	5
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: Green Point Rated	5	5	5
Develop project to requirements of: Green Point Rated 100	3	3	3
Energy efficiency beyond CA Building Code Title 24 requirements: 20.0%	3	3	3
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>148</b>	<b>148</b>	<b>148</b>

**Please Note: If more than the maximum Site Amenity points were requested, not all amenities may**

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**