

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2014 Second Round

September 24, 2014

REVISED

Project Number CA-14-160

Project Name 5400 Hollywood Family Apartments
Site Address: 5400 Hollywood Blvd.
Los Angeles, CA 90027 County: Los Angeles
Census Tract: 1905.100

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,325,087	\$0
Recommended:	\$1,325,087	\$0

Applicant Information

Applicant: 5400 Hollywood Family Apartments, L.P.
Contact: Chris Maffris
Address: 1640 S. Sepulveda Blvd, Suite 425
Los Angeles, CA 90025
Phone: (310) 575-3543 **Fax:** (310) 575-3563
Email: cmaffris@metahousing.com

General Partner(s) / Principal Owner(s): WCH Affordable IX, LLC
5400 Hollywood Family Apartments, LLC

General Partner Type: Joint Venture

Parent Company(ies): Meta Housing Corporation
Western Community Housing, Inc.

Developer: Meta Housing Corporation

Investor/Consultant: Red Stone Equity Partners

Management Agent(s): Solari Enterprises, Inc.

Project Information

Construction Type: New Construction

Total # Residential Buildings: 1

Total # of Units: 40

No. & % of Tax Credit Units: 39 100%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: HOME

Utility Allowance: CUAC

Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	4	10 %
45% AMI:	10	25 %
50% AMI:	16	40 %

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Marisol Parks

Unit Mix

20 1-Bedroom Units
 8 2-Bedroom Units
 12 3-Bedroom Units

 40 Total Units

<u>Unit Type & 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>
1 1 Bedroom	30%	30%	\$458
6 1 Bedroom	45%	45%	\$687
13 1 Bedroom	50%	50%	\$764
1 2 Bedrooms	30%	30%	\$550
4 2 Bedrooms	45%	45%	\$825
2 2 Bedrooms	50%	50%	\$917
2 3 Bedrooms	30%	30%	\$636
1 3 Bedrooms	50%	50%	\$1,060
9 3 Bedrooms	60%	60%	\$1,272
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$19,654,482
 Estimated Residential Project Cost: \$19,074,232
 Estimated Commercial Project Cost \$580,250

Residential

Construction Cost Per Square Foot: \$210
 Per Unit Cost: \$476,856

Construction Financing

<u>Source</u>	<u>Amount</u>
Wells Fargo Bank	\$12,440,000
HCID/LA - HOME	\$1,950,000
HCD - IIG	\$1,111,880
AHP	\$390,000
Deferred Costs	\$1,059,425
Tax Credit Equity	\$2,703,177

Permanent Financing

<u>Source</u>	<u>Amount</u>
Wells Fargo Bank	\$1,216,600
HCID/LA - HOME	\$1,950,000
HCD - IIG	\$1,111,880
HCD - TOD	\$900,000
AHP	\$390,000
Deferred Developer Fee	\$570,118
Tax Credit Equity	\$13,515,884
TOTAL	\$19,654,482

Determination of Credit Amount(s)

Requested Eligible Basis:	\$13,237,629
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$17,208,917
Applicable Rate:	7.70%
Total Maximum Annual Federal Credit:	\$1,325,087
Approved Developer Fee in Project Cost:	\$1,939,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Red Stone Equity Partners
Federal Tax Credit Factor:	\$1.02000

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:	\$13,237,629
Actual Eligible Basis:	\$13,985,429
Unadjusted Threshold Basis Limit:	\$9,138,268
Total Adjusted Threshold Basis Limit:	\$13,237,649

Adjustments to Basis Limit:

- Required to Pay Prevailing Wages
- Parking Beneath Residential Units
- One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:
 - Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all common areas
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

Initial:	Formal Letter of Support
First:	Large Family
Second:	32.187%

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: None

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, HCID of Los Angeles, 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
\$1,325,087	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. 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 a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ¼ mile of a public elementary school project children may attend	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Within ¼ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, minimum 60 hrs/yr instruction	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: LEED	5	5	5
Develop project to requirements of: LEED Gold	5	5	5
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
Smoke Free Residence	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.