CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 20, 2015

Project Number CA-15-832

Project Name Leaster Apartments
Site Address: 825 Green Ave.; 1422-1430 Miramar St.; 911 E 120th St.
Los Angeles, CA 90017, 90026, 90059 County: Los Angeles
Census Tract: 2093; 2083.02; 2410.02

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$785,390	$0
Recommended:	$785,390	$0

Applicant Information
Applicant: Leaster Apartments, L.P.
Contact: Genny Alberts
Address: 1038 Venice Blvd.
Los Angeles, CA 90015
Phone: (213) 747-2790 Fax: (213) 743-3819
Email: awfmex@aol.com

General Partner(s) or Principal Owner(s): Pico Union Housing Corporation
General Partner Type: Nonprofit
Parent Company(ies): Pico Union Housing Corporation
Developer: Pico Union Housing Corporation
Investor/Consultant: Hudson Housing Capital
Management Agent: Genessy Management

Project Information
Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 4
Total # of Units: 133
No. & % of Tax Credit Units: 131 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD Project-Based Section 8 Contract (84 units - 64%)
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 117
Number of Units @ or below 60% of area median income: 14

Bond Information

Issuer:	City of Los Angeles
Expected Date of Issuance:	July 15, 2015
Credit Enhancement:	No

Information

Housing Type:	Non-Targeted
Geographic Area:	City of Los Angeles
TCAC Project Analyst:	Mayra Lozano

Unit Mix

53	SRO/Studio Units
51	1-Bedroom Units
11	2-Bedroom Units
18	3-Bedroom Units
133	Total Units

Unit Type & Number		2015 Rents Targeted % of Area Median Income	2015 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
8	SRO/Studio	50%	44%	$645
1	SRO/Studio	60%	56%	$819
43	SRO/Studio	50%	15%	$224
1	SRO/Studio	60%	41%	$590
13	1 Bedroom	50%	49%	$763
2	1 Bedroom	60%	53%	$819
35	1 Bedroom	50%	15%	$240
5	2 Bedrooms	50%	45%	$841
1	2 Bedrooms	60%	53%	$995
2	2 Bedrooms	50%	13%	$242
3	2 Bedrooms	60%	44%	$819
11	3 Bedrooms	50%	48%	$1,030
6	3 Bedrooms	60%	59%	$1,272
1	1 Bedroom	Manager’s Unit	Manager’s Unit	$899
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$1,021

Project Cost Summary at Application	
Land and Acquisition	$11,330,000
Construction Costs	$0
Rehabilitation Costs	$6,254,000
Construction Contingency	$821,000
Relocation	$125,000
Architectural/Engineering	$445,000
Construction Interest, Perm Financing	$1,414,000
Legal Fees, Appraisals	$159,000
Reserves	$370,000
Other Costs	$723,000
Developer Fee	$2,500,000
Commercial Costs	$0
Total	**$24,141,000**

Project Financing	
Estimated Total Project Cost:	$24,141,000
Estimated Residential Project Cost:	$24,141,000

Residential	
Construction Cost Per Square Foot:	$74
Per Unit Cost:	$181,511

Construction Financing

Source	Amount
BBCN Bank	$13,600,000
Seller Carryback Loan	$5,450,000
Operating Reserves	$192,000
Deferred Costs	$2,974,000
Tax Credit Equity	$1,925,000

Permanent Financing

Source	Amount
BBCN Bank	$9,162,000
Seller Carryback Loan	$5,450,000
Operating Reserves	$782,000
Deferred Developer Fee	$1,049,000
Tax Credit Equity	$7,698,000
TOTAL	**$24,141,000**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$10,528,000
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$10,121,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$13,686,400
Qualified Basis (Acquisition):	$10,121,000
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$451,397
Maximum Annual Federal Credit, Acquisition:	$333,993
Total Maximum Annual Federal Credit:	$785,390
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,500,000
Investor/Consultant:	Hudson Housing Capital
Federal Tax Credit Factor:	$0.98015

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:	$20,649,000
Actual Eligible Basis:	$20,649,000
Unadjusted Threshold Basis Limit:	$32,130,800
Total Adjusted Threshold Basis Limit:	$67,153,372

Adjustments to Basis Limit:
Required to Pay Prevailing Wages
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 89%

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 3.30% 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 scattered site project consists of three sites. One of the sites, located at 825 Green Ave., Los Angeles, CA 90017, is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Greenview Apartments (CA-91-064).

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	State Tax Credits/Total
$785,390	**$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 provide the tenants with the following service amenities free of charge for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC:

- After school program on-site for a minimum of 10 hours per week
- Contract with a full time equivalent bona fide service coordinator / social worker for a minimum number of hours per year on-site