

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 19, 2015

Beverly Park Senior Apartments, located at 1071 S. La Cienega Boulevard in Los Angeles, requested and is being recommended for a reservation of \$627,745 in annual federal tax credits to finance the acquisition and rehabilitation of 48 units of housing serving seniors with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Standard Property Company, Inc. and will be located in Senate District 26 and Assembly District 50.

The project will be receiving rental assistance in the form of an existing HUD Section 8 Project-based HAP contract which will be renewed.

Project Number CA-15-885

Project Name Beverly Park Senior Apartments
 Site Address: 1071 S. La Cienega Blvd.
 Los Angeles, CA 90035 County: Los Angeles
 Census Tract: 2164.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$627,745	\$0
Recommended:	\$627,745	\$0

Applicant Information

Applicant: Standard BP Venture LP
 Contact: Keith Dragoon
 Address: 1901 Avenue of the Stars, Suite 395
 Los Angeles, CA 90067
 Phone: (310) 553-5711 Fax: (310) 551-1666
 Email: kdragoon@standardproperty.com

General Partner(s) or Principal Owner(s): Standard BP Manager LP
 Housing On Merit I LLC
 General Partner Type: Joint Venture
 Parent Company(ies): Standard Property Company, Inc.
 Housing on Merit
 Developer: Standard Property Company, Inc.
 Investor/Consultant: Candeur Group, LLC
 Management Agent: Apartment Management Consultants, LLC

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 1
 Total # of Units: 49
 No. & % of Tax Credit Units: 48 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Contract (48 units - 100%)
 HCD MHP Funding: No
 55-Year Use/Affordability: Yes
 Number of Units @ or below 50% of area median income: 25
 Number of Units @ or below 60% of area median income: 23

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: October 15, 2015
 Credit Enhancement: N/A

Information

Housing Type: Seniors
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Jack Waegell

Unit Mix

49 1-Bedroom Units
 49 Total Units

<u>Unit Type & Number</u>	<u>2015 Rents Targeted % of Area Median Income</u>	<u>2015 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
25 1 Bedroom	50%	50%	\$778
23 1 Bedroom	60%	60%	\$933
1 1 Bedroom	Manager's Unit	Manager's Unit	\$1,985

Project Cost Summary at Application

Land and Acquisition	\$14,103,289
Rehabilitation Costs	\$1,908,598
Construction Contingency	\$217,756
Relocation	\$0
Architectural/Engineering	\$78,000
Construction Interest, Perm Financing	\$1,037,089
Legal Fees, Appraisals	\$399,211
Reserves	\$500,218
Other Costs	\$182,843
Developer Fee	\$2,366,479
Commercial Costs	\$0
Total	\$20,793,483

Project Financing

Estimated Total Project Cost:	\$20,793,483
Estimated Residential Project Cost:	\$20,793,483

Residential

Construction Cost Per Square Foot:	\$71
Per Unit Cost:	\$424,357

Construction Financing

Source	Amount
Citibank, N.A.	\$13,478,400
Cash Flow During Construction	\$828,671
Deferred Reserves	\$500,218
Deferred Developer Fee	\$405,194
Tax Credit Equity	\$5,581,000

Permanent Financing

Source	Amount
Citibank, N.A.	\$13,478,400
Cash Flow During Construction	\$828,671
Deferred Developer Fee	\$209,582
Tax Credit Equity	\$6,276,830
TOTAL	\$20,793,483

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$2,931,959
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$15,211,050
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$3,811,547
Qualified Basis (Acquisition):	\$15,211,050
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	\$125,780
Maximum Annual Federal Credit, Acquisition:	\$501,965
Total Maximum Annual Federal Credit:	\$627,745
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,366,479
Investor/Consultant:	Candeur Group, LLC
Federal Tax Credit Factor:	\$0.99990

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:	\$18,143,009
Actual Eligible Basis:	\$18,143,009
Unadjusted Threshold Basis Limit:	\$11,406,367
Total Adjusted Threshold Basis Limit:	\$18,478,315

Adjustments to Basis Limit:

95% of Upper Floor Units are Elevator-Serviced
 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted
 between 50% AMI & 36% AMI: 52%

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: None.

Local Reviewing Agency:

The Local Reviewing Agency, the City of Los Angeles Housing and Community Investment Department, has completed a site review of this project and has taken no position on 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
\$627,745	\$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: None.