

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2015 Second Round
September 23, 2015

Mirage Town Homes, located at 5221-5233 South Western Avenue in Los Angeles, CA, requested and is being recommended for a reservation of \$494,479 in annual federal tax credits to finance the new construction of 20 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Leela Enterprises, Inc. and will be located in Senate District 30 and Assembly District 54.

Project Number CA-15-113

Project Name Mirage Town Homes
 Site Address: 5221-5233 South Western Avenue
 Los Angeles, CA 90062 County: Los Angeles
 Census Tract: 2325.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$494,479	\$0
Recommended:	\$494,479	\$0

Applicant Information

Applicant: Mirage Town Homes, LP
 Contact: Abhay Gokani
 Address: 5846 Carlton Way, Suite A
 Los Angeles CA 90028
 Phone: (323) 465-6611 Fax: (323) 465-6612
 Email: abhay@sbcglobal.net

General Partner(s) / Principal Owner(s): Community Revitalization & Development Corp.
 Leela Enterprises, a California Corporation
 General Partner Type: Joint Venture
 Developer: Leela Enterprises, Inc.
 Investor/Consultant: Wells Fargo Bank, N.A.
 Management Agent(s): Buckingham Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 21
 No. & % of Tax Credit Units: 20 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: N/A
 Utility Allowance: CUAC
 Affordability Breakdown by Units and % (Lowest Income Points):
 30% AMI: 2 10 %
 40% AMI: 2 10 %
 45% AMI: 9 45 %

Information

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

Unit Mix

11 3-Bedroom Units
 10 4-Bedroom Units

 21 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>
1 3 Bedrooms	30%	30%	\$647
1 3 Bedrooms	40%	40%	\$863
4 3 Bedrooms	45%	45%	\$971
4 3 Bedrooms	60%	60%	\$1,295
1 4 Bedrooms	30%	30%	\$722
1 4 Bedrooms	40%	40%	\$963
5 4 Bedrooms	45%	45%	\$1,083
3 4 Bedrooms	60%	60%	\$1,444
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$350,000
Construction Costs	\$4,522,300
Rehabilitation Costs	\$0
Construction Contingency	\$180,892
Relocation	\$0
Architectural/Engineering	\$141,500
Construction Interest, Perm Financing	\$221,868
Legal Fees, Appraisals	\$67,000
Reserves	\$54,819
Other Costs	\$264,502
Developer Fee	\$801,688
Commercial Costs	\$0
Total	\$6,604,569

Project Financing

Estimated Total Project Cost:	\$6,604,569
Estimated Residential Project Cost:	\$6,604,569

Residential

Construction Cost Per Square Foot:	\$145
Per Unit Cost:	\$314,503

Construction Financing

Source	Amount
Commonwealth Business Bank	\$4,105,934
Deferred Developer Fee	\$801,688
Tax Credit Equity	\$1,696,947

Permanent Financing

Source	Amount
Commonwealth Business Bank	\$1,417,374
Deferred Developer Fee	\$341,304
Tax Credit Equity	\$4,845,891
TOTAL	\$6,604,569

Determination of Credit Amount(s)

Requested Eligible Basis:	\$4,946,272
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$6,430,154
Applicable Rate:	7.69%
Maximum Annual Federal Credit:	\$494,479
Approved Developer Fee (in Project Cost & Eligible Basis):	\$801,688
Investor/Consultant:	Wells Fargo Bank, N.A.
Federal Tax Credit Factor:	\$0.98000

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:	\$4,946,272
Actual Eligible Basis:	\$6,146,272
Unadjusted Threshold Basis Limit:	\$6,733,588
Total Adjusted Threshold Basis Limit:	\$7,980,190

Adjustments to Basis Limit:

- Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

Initial:	Letter of Support
First:	Large Family
Second:	8.369%

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 exceeds 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 7.69% 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.

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, the Housing and Community Investment Department of the City 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
\$494,479	\$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
Cost Efficiency	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 ¼ mile of public park or community center open to general public	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within ¼ mile of a public elementary school	3	3	3
Within ½ mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of GreenPoint Rated Program	5	5	5
Develop project in accordance w/ requirements of 35% better than 2008	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
State Credit Substitution	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.