

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2016 Second Round**  
**September 21, 2016**

Francisquito Senior Apartments, located at 14558-14602 Francisquito Avenue in La Puente, requested and is being recommended for a reservation of \$1,155,749 in annual federal tax credits and \$2,963,456 in total state tax credits to finance the new construction of 53 units of housing serving seniors and special needs tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by AHCDC Francisquito LLC and will be located in Senate District 22 and Assembly District 48.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

**Project Number** CA-16-086

**Project Name** Francisquito Senior Apartments  
 Site Address: 14558-14602 Francisquito Ave.  
 La Puente, CA 91746 County: Los Angeles  
 Census Tract: 4069.020

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,155,749	\$2,963,456
Recommended:	\$1,155,749	\$2,963,456

**Applicant Information**

Applicant: PNH Francisquito LLC  
 Contact: Brigitte Tweddell  
 Address: 1004 Echo Park Ave.  
 Los Angeles, CA 90026  
 Phone: 213-250-9481 Fax: 213-250-9531  
 Email: btweddell@projectnewhope.org

General Partner(s) / Principal Owner(s): PNH Francisquito LLC  
 General Partner Type: Nonprofit  
 Parent Company(ies): Project New Hope  
 Developer: AHCDC Francisquito LLC  
 Investor/Consultant: Wells Fargo Affordable Housing CDC  
 Management Agent(s): FPI Management Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 54  
 No. & % of Tax Credit Units: 53 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HOME / HUD Section 8 Project-based Vouchers (27 units - 51%)  
 Average Targeted Affordability of Special Needs/SRO Project Units: 37.78%  
 Affordability Breakdown by Units and % (Lowest Income Points):  
     30% AMI: 6 10 %  
     40% AMI: 22 40 %  
     50% AMI: 11 20 %

**Information**

Set-Aside: Nonprofit (homeless assistance)  
 Housing Type: Special Needs  
 Type of Special Needs: Homeless  
 % of Special Need Units: 27 units 51%  
 Geographic Area: Balance of Los Angeles County  
 TCAC Project Analyst: Jack Waegell

**Unit Mix**

53 1-Bedroom Units  
 1 2-Bedroom Units  


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 54 Total Units

<u>Unit Type &amp; Number</u>	<u>2016 Rents Targeted % of Area Median Income</u>	<u>2016 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
6 1 Bedroom	30%	30%	\$488
21 1 Bedroom	40%	30%	\$488
1 1 Bedroom	40%	40%	\$651
11 1 Bedroom	50%	50%	\$814
14 1 Bedroom	60%	50%	\$814
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$2,551,033
Construction Costs	\$12,153,330
Rehabilitation Costs	\$0
Construction Contingency	\$741,116
Relocation	\$394,000
Architectural/Engineering	\$1,051,775
Const. Interest, Perm. Financing	\$784,777
Legal Fees, Appraisals	\$160,000
Reserves	\$200,000
Other Costs	\$1,166,130
Developer Fee	\$2,000,000
Commercial Costs	\$0
<b>Total</b>	<b>\$21,202,161</b>

**Project Financing**

Estimated Total Project Cost:	\$21,202,161
Estimated Residential Project Cost:	\$21,202,161
Estimated Commercial Project Cost:	\$0

**Residential**

Construction Cost Per Square Foot:	\$206
Per Unit Cost:	\$392,633
True Cash Per Unit Cost*:	\$392,633

**Construction Financing**

Source	Amount
Wells Fargo Bank	\$11,700,000
County of Los Angeles (LA) - HOME	\$2,000,000
County of LA - General Fund	\$3,285,000
Deferred Fees & Costs	\$2,000,000
Tax Credit Equity	\$2,217,161

**Permanent Financing**

Source	Amount
Wells Fargo Bank	\$1,096,905
County of LA - HOME	\$2,000,000
County of LA - General Fund	\$3,285,000
Tax Credit Equity	\$14,820,256
<b>TOTAL</b>	<b>\$21,202,161</b>

\*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$9,878,195
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$12,841,654
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,155,749
Total State Credit:	\$2,963,456
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Wells Fargo Affordable Housing CDC
Federal Tax Credit Factor:	\$1.09000
State Tax Credit Factor:	\$0.75000

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:	\$9,878,195
Actual Eligible Basis:	\$16,745,066
Unadjusted Threshold Basis Limit:	\$10,461,323
Total Adjusted Threshold Basis Limit:	\$13,599,720

**Adjustments to Basis Limit**

Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages  
95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First:	<b>Special Needs</b>
Final:	<b>43.428%</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 9.0% 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 special needs project will consist of 53 tax credit units including 27 units (51%) serving homeless seniors and seniors with chronic health disabilities, and 26 units (49%) serving seniors. The service amenities being provided on site will be available to all tenants.

**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:

**Federal Tax Credits/Annual**  
**\$1,155,749**

**State Tax Credits/Total**  
**\$2,963,456**

**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 fifteen 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 ½ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1 mile of public library	2	2	2
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1 mile of medical clinic or hospital	2	2	2
Within 1 mile of a pharmacy	1	1	1
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>SPECIAL NEEDS HOUSING TYPE</b>			
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>NEW CONSTRUCTION</b>			
Develop project in accordance w/ requirements of LEED	5	5	5
<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>15</b>	<b>15</b>	<b>15</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Enhanced Accessibility and Visitability	2	2	2
<b>Total Points</b>	<b>138</b>	<b>138</b>	<b>138</b>

**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.**