

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2019 Second Round

September 25, 2019

Washington View Apartments, located at 720 W. Washington Blvd. in Los Angeles, requested and is being recommended for a reservation of \$2,490,089 in annual federal tax credits to finance the new construction/adaptive reuse of 121 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 Western Pacific Housing, LLC and will be located in Senate District 30 and Assembly District 59.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes Proposition HHH funds from the Los Angeles Housing + Community Investment Department.

Project Number CA-19-081

Project Name Washington View Apartments
Site Address: 720 W. Washington Blvd.
Los Angeles, CA 90015 County: Los Angeles
Census Tract: 2244.200

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,490,089	\$0
Recommended:	\$2,490,089	\$0

Applicant Information

Applicant: Washington View, LP
Contact: Fariba Atighehchi
Address: 752 S. San Pedro
Los Angeles, CA 90014
Phone: (310) 864-6004
Email: fatighehchi@aol.com

General Partners / Principal Owners: Western Pacific Housing, LLC
Las Palmas Housing and Development Corp.
General Partner Type: Joint Venture
Parent Companies: Western Pacific Housing, LLC
Las Palmas Housing and Development Corp.
Developer: Western Pacific Housing, LLC
Investor/Consultant: Enterprise Community Partners
Management Agent: FPI Management

Project Information

Construction Type: New Construction/Adaptive Reuse
 Total # Residential Buildings: 6
 Total # of Units: 122
 No. & % of Tax Credit Units: 121 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project-based Vouchers (91 units, 75%)

Information

Set-Aside: Special Needs
 Housing Type: Special Needs
 Type of Special Needs: Homeless and formerly homeless
 Average Targeted Affordability of Special Needs/SRO Project Units: 39%
 % of Special Need Units: 91 units 75%
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
At or Below 30% AMI:	50	41%
At or Below 50% AMI:	41	34%
At or Below 60% AMI:	30	25%

Unit Mix

26 SRO/Studio Units
 94 1-Bedroom Units
 2 2-Bedroom Units

 122 Total Units

Unit Type & Number	2019 Rents Targeted % of Area Median Income	Actual % of Area Median Income	Proposed Rent (incl. utilities)
13 SRO/Studio	30%	30%	\$548
13 SRO/Studio	50%	50%	\$913
37 1 Bedroom	30%	30%	\$587
28 1 Bedroom	50%	50%	\$979
29 1 Bedroom	60%	60%	\$1,175
1 2 Bedrooms	60%	60%	\$1,410
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$6,185,600
Construction Costs	\$24,721,192
Rehabilitation Costs	\$6,046,090
Construction Contingency	\$2,523,710
Architectural/Engineering	\$1,216,844
Const. Interest, Perm. Financing	\$3,396,133
Legal Fees	\$220,000
Reserves	\$819,205
Other Costs	\$1,660,120
Developer Fee	\$2,047,178
Total	\$48,836,072

Residential

Construction Cost Per Square Foot:	\$418
Per Unit Cost:	\$400,296
True Cash Per Unit Cost*:	\$398,310

Construction Financing

<u>Source</u>	<u>Amount</u>
Banner Bank	\$29,238,522
HCIDLA Proposition HHH	\$12,000,000
Deferred Reserves	\$819,204
Deferred Developer Fee	\$2,047,178
Tax Credit Equity	\$4,731,168

Permanent Financing

<u>Source</u>	<u>Amount</u>
Banner Bank	\$12,937,956
HCIDLA Proposition HHH	\$12,000,000
Deferred Developer Fee	\$242,275
Tax Credit Equity	\$23,655,841
TOTAL	\$48,836,072

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,282,808
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,667,650
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,490,089
Approved Developer Fee in Project Cost:	\$2,047,178
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Enterprise Community Partners
Federal Tax Credit Factor:	\$0.95000

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, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$21,282,808
Actual Eligible Basis:	\$40,755,536
Unadjusted Threshold Basis Limit:	\$29,901,608
Total Adjusted Threshold Basis Limit:	\$38,448,360

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
- Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels
- Environmental Mitigation
- Local Development Impact Fees

Tie-Breaker Information

Initial:	Letter of Support
First:	Special Needs
Final:	73.667%

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 meet or 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, or, in the case of acquisition credit or credit combined with federal subsidies, 3.30%. 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.

Significant Information / Additional Conditions

Project plans include the adaptive reuse of two existing commercial buildings, one of which is a historic structure, and the new construction of four additional residential buildings.

The project will provide 91 special needs units (75%) for homeless seniors with the balance of the affordable units (30 units) for senior tenants.

The project will have a project-based rental subsidy for the 91 special needs units, 13 SRO/Studio units and 37 one-bedroom units targeted at 30% AMI and 13 SRO/Studio units and 28 one-bedroom units targeted at 50% AMI.

Resyndication and Resyndication Transfer Event: 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, Los Angeles Housing and Community Investment Department, has completed a site review of this project and indicated its strong support of it.

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)(5) 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.

Points System	Max. Possible	Requested Points	Points Awarded
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, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
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
Service Amenities	10	10	10
SPECIAL NEEDS HOUSING TYPE			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health/behavioral services provided by licensed org. or individual	3	3	3
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Energy efficiency beyond CA Building Code Title 24 requirements: 12%	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	113	113	113

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.