

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2018 First Round
June 13, 2018

Westmont Vista, located at 1763 W. Imperial Highway in Los Angeles, requested a reservation of \$1,354,109 in annual federal credits, but is being recommended for a reservation of \$1,354,063 in annual federal tax credits (see **Special issues/Other Significant Information** section) to finance the new construction of 38 units of housing serving special needs tenants with rents affordable to households earning 30% of area median income (AMI). The project will be developed by Abode Communities and will be located in Senate District 30 and Assembly District 62.

Project Number CA-18-006

Project Name Westmont Vista
 Site Address: 1763 W. Imperial Highway
 Los Angeles, CA 90047 County: Los Angeles
 Census Tract: 6003.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,354,109	\$0
Recommended:	\$1,354,063	\$0

Applicant Information

Applicant: Westmont Vista, LP
 Contact: Lara Regus
 Address: 1149 S. Hill Street, Suite 700
 Los Angeles, CA 90015
 Phone: 213-225-2812
 Email: Lregus@abodecommunities.org

General Partner(s) / Principal Owner(s): Westmont Vista GP, LLC
 General Partner Type: Nonprofit
 Parent Company(ies): Abode Communities
 Developer: Abode Communities
 Investor/Consultant: California Housing Partnership Corporation
 Management Agent(s): Abode Communities

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 39
 No. & % of Tax Credit Units: 38 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project-based Vouchers (38 units / 100%)

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 15	35%
At or Below 60% AMI: 23	60%

Information

Set-Aside: N/A
 Housing Type: Special Needs
 Type of Special Needs: Homeless
 Average Targeted Affordability of Special Needs/SRO Project Units: 30.0%
 % of Special Need Units: 38 units 100%
 Geographic Area: Balance of Los Angeles County
 TCAC Project Analyst: Jack Waegell

Unit Mix

20 1-Bedroom Units
9 2-Bedroom Units
10 3-BedroomUnits
39 Total Units

<u>Unit Type & Number</u>	<u>2017 Rents Targeted % of Area Median Income</u>	<u>2017 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
20 1 Bedroom	30%	30%	\$507
8 2 Bedrooms	30%	30%	\$608
10 3 Bedrooms	30%	30%	\$703
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$21,605,760

Project Cost Summary at Application

Land and Acquisition	\$2,139,440
Construction Costs	\$13,509,914
Rehabilitation Costs	\$0
Construction Contingency	\$1,337,865
Relocation	\$0
Architectural/Engineering	\$728,500
Const. Interest, Perm. Financing	\$982,700
Legal Fees, Appraisals	\$178,000
Reserves	\$142,905
Other Costs	\$1,108,122
Developer Fee	\$1,552,895
Commercial Costs	\$0
Total	\$21,680,341

Residential

Construction Cost Per Square Foot:	\$203
Per Unit Cost:	\$555,917
True Cash Per Unit Cost*:	\$552,071

Construction Financing

Source	Amount
Citibank	\$13,394,741
LACDC - AHTF Loan	\$5,270,000
FHLB - AHP	\$585,000
Deferred Costs	\$1,016,322
LACDC - Fee Waiver	\$150,000
General Partner Equity	\$100
Deferred Developer Fee	\$40,012
Tax Credit Equity	\$1,224,600

Permanent Financing

Source	Amount
Citibank	\$2,850,000
LACDC - AHTF Loan	\$5,320,000
FHLB - AHP	\$585,000
LACDC - Fee Waiver	\$150,000
General Partner Equity	\$100
Deferred Developer Fee	\$40,012
Tax Credit Equity	\$12,735,229
TOTAL	\$21,680,341

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$11,573,633
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$15,045,723
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,354,063
Approved Developer Fee in Project Cost:	\$1,552,895
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.94052

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:	\$11,573,633
Actual Eligible Basis:	\$13,889,663
Unadjusted Threshold Basis Limit:	\$10,500,760
Total Adjusted Threshold Basis Limit:	\$14,596,056

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
- 100% of the Low Income Units for Special Needs Population
- 95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Special Needs
Final:	49.244%

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.

Significant Information / Additional Conditions

This project's development costs are estimated at \$555,917 per unit. It is a relatively small 39-unit project with parking beneath the units and an elevator. Also contributing to this special needs project's cost is the large community room, office space for the resident services and supportive services, community garden, community kitchen, outdoor gathering spaces with amenities, and several sustainable and energy efficiency features including solar hot water and exceeding Title 24 by at least 20%.

The developer fee cost in the application's sources and uses budget of \$1,553,329 exceeds the maximum allowed developer fee of \$1,552,895 by \$434. Staff adjusted accordingly which results in a reduction to the requested tax credits from \$1,354,109 to the recommended reservation of annual federal tax credits of \$1,354,063, or a reduction of \$46 in annual federal tax credits.

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 Community Development Commission of the County of Los Angeles Economic & Housing Development Division, has completed a site review of this project and strongly supports this project.

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 Points	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 ½ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1 mile of a public high school that project children may attend	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	1	1	1
Service Amenities	10	10	10
SPECIAL NEEDS HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: LEED	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
Smoke Free Residence	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.