

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

Vistas del Puerto Apartments, located at 1836 Locust Avenue in Long Beach, requested a reservation of \$1,935,357 in annual federal tax credits but is being recommended for a reservation of \$1,911,237 in annual federal tax credits (see “**Special Issues/Other Significant Information**” section) to finance the new construction of 47 units of housing serving large families with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by Clifford Beers Housing, Inc. and will be located in Senate District 33 and Assembly District 70.

**Project Number** CA-18-043

**Project Name** Vistas del Puerto Apartments  
 Site Address: 1836 Locust Ave  
 Long Beach, CA 90806 County: Los Angeles  
 Census Tract: 5730.02

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,935,357	\$0
Recommended:	\$1,911,237	\$0

**Applicant Information**

Applicant: Vistas del Puerto, L.P.  
 Contact: Vanessa Luna  
 Address: 11739 Victory Blvd  
 North Hollywood, CA 91606  
 Phone: (213) 316-0108  
 Email: vluna@cbhousing.org

General Partner(s) / Principal Owner(s): Vistas del Puerto LLC  
 General Partner Type: Nonprofit  
 Parent Company(ies): Clifford Beers Housing, Inc.  
 Developer: Clifford Beers Housing, Inc.  
 Investor/Consultant: Wells Fargo Bank, N.A.  
 Management Agent(s): The John Stewart Company

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 48  
 No. & % of Tax Credit Units: 47 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: N/A

**Information**

Set-Aside: N/A  
 Housing Type: Large Family  
 Geographic Area: Balance of Los Angeles County  
 TCAC Project Analyst: Diane SooHoo

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 11	20%
At or Below 40% AMI: 13	25%
At or Below 50% AMI: 23	40%

**Unit Mix**

22 1-Bedroom Units  
 13 2-Bedroom Units  
13 3-Bedroom Units  
 48 Total Units

<u>Unit Type &amp; 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
2 2 Bedrooms	30%	30%	\$608
2 3 Bedrooms	30%	30%	\$703
2 1 Bedroom	50%	50%	\$845
10 2 Bedrooms	50%	50%	\$1,013
11 3 Bedrooms	50%	50%	\$1,171
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$38,511,660

**Project Cost Summary at Application**

Land and Acquisition	\$1,837,128
Construction Costs	\$15,417,949
Rehabilitation Costs	\$0
Construction Contingency	\$1,451,378
Relocation	\$0
Architectural/Engineering	\$742,105
Const. Interest, Perm. Financing	\$1,111,560
Legal Fees, Appraisals	\$83,617
Reserves	\$412,977
Other Costs	\$1,269,825
Developer Fee	\$1,567,024
Commercial Costs	\$1,643,339
<b>Total</b>	<b>\$25,536,902</b>

**Residential**

Construction Cost Per Square Foot:	\$292
Per Unit Cost:	\$493,669
True Cash Per Unit Cost*:	\$454,432

**Construction Financing**

Source	Amount
Wells Fargo	\$15,944,532
LA County CDC**	\$3,360,000
Long Beach CIC***	\$3,025,000
Deferred Costs	\$590,713
General Partner Equity	\$100
Tax Credit Equity	\$2,842,489

**Permanent Financing**

Source	Amount
CCRC	\$900,000
LA County CDC**	\$3,360,000
Long Beach CIC***	\$3,025,000
Deferred Developer Fee	\$349,665
General Partner Equity	\$100
Tax Credit Equity	\$17,902,137
<b>TOTAL</b>	<b>\$25,536,902</b>

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

\*\*Community Development Commission

\*\*\*Community Investment Company

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$16,541,517
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$21,503,972
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$1,911,237
Approved Developer Fee in Project Cost:	\$1,567,024
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Wells Fargo Bank, N.A.
Federal Tax Credit Factor:	\$0.93668

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:	\$16,541,517
Actual Eligible Basis:	\$21,300,786
Unadjusted Threshold Basis Limit:	\$13,099,412
Total Adjusted Threshold Basis Limit:	\$16,541,518

**Adjustments to Basis Limit**

Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- New construction: project buildings are at least 15% more energy efficient than 2016 Energy Efficiency Standards (California Code of Regulations, Title 24, Part 6) as indicated in TCAC Regulations.
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all kitchens, living rooms, and bathrooms where no VOC adhesives or backing is used
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all common areas where no VOC adhesives or backing is also used

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First:	<b>Large Family</b>
Final:	<b>36.770%</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, or, in the case of acquisition credit or credit combined with federal subsidies, 3.25%. 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**

Each unit will be billed separately for water by a third-party sub-metering company hired by the property management firm and paid by the owner. The sub-meters will be housed within access panels of each unit and fed by the master water meter located east of the building along Palmer Court.

Staff noted the developer fee in cost was in excess of the \$1,567,024 limit required by TCAC regulation section 10327(c)(2)(A). The cost was reduced accordingly resulting in a reduction to the federal credit amount recommended for this project.

Adequate laundry facilities must be available on project premises, with no fewer than one washer/dryer per 10 units upon completion of the project prior to the issuance of federal tax forms.

**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 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.

### **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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<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 1/8 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1 mile of public high school	3	3	3
Within 1/2 mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: 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 Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>113</b>	<b>113</b>	<b>113</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.**