

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

Metro @ Buckingham, located at 4018 - 4030 Buckingham Road in Los Angeles, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and requested \$8,070,453 in total state tax credits, but is being recommended for a reservation of \$7,999,003 in total state tax credits (see "**Special Issues/Other Significant Information**" section) to finance the new construction of 102 units of housing serving special needs tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Meta Housing Corporation and will be located in Senate District 26 and Assembly District 47.

The project will be receiving rental assistance from the Flexible Housing Subsidy Pool (FHSP) from the Los Angeles County Department of Health Services.

**Project Number** CA-18-051

**Project Name** Metro @ Buckingham  
 Site Address: 4018 - 4030 Buckingham Road  
 Los Angeles, CA 90008 County: Los Angeles  
 Census Tract: 2361.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,500,000	\$8,070,453
Recommended:	\$2,500,000	\$7,999,003

\* The applicant made an irrevocable election to sell (Certificate) all or any portion of the state credits.

**Applicant Information**

Applicant: Buckingham II, L.P.  
 Contact: Tim Soule  
 Address: 11150 West Olympic Boulevard Suite #620  
 Los Angeles, CA 90046  
 Phone: (310) 575-3543  
 Email: tsoule@metahousing.com

General Partner(s) / Principal Owner(s): WCH Affordable XXVIII, LLC  
 Buckingham II, LLC

General Partner Type: Joint Venture

Parent Company(ies): Meta Housing Corporation  
 Western Community Housing, Inc.

Developer: Meta Housing Corporation

Investor/Consultant: RedStone Equity Partners

Management Agent(s): WSH Management, Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 103  
 No. & % of Tax Credit Units: 102 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: N/A

**Information**

Housing Type: Special Needs / Seniors  
 Type of Special Needs: Homeless / formerly homeless;  
 Persons with physical, mental, developmental disabilities  
 Average Targeted Affordability of Special Needs/SRO Project Units: 38.80%  
 % of Special Need Units: 51 units 50%  
 Geographic Area: City of Los Angeles  
 TCAC Project Analyst: Tiffani Negrete

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 36	35%
At or Below 60% AMI: 66	60%

**Unit Mix**

102 1-Bedroom Units  
1 2-Bedroom Units  
 103 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>
36 1 Bedroom	30%	30%	\$507
15 1 Bedroom	60%	35%	\$591
51 1 Bedroom	60%	60%	\$1,014
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$62,065,080

**Project Cost Summary at Application**

Land and Acquisition	\$8,389,224
Construction Costs	\$20,545,255
Rehabilitation Costs	\$0
Construction Contingency	\$1,031,120
Relocation	\$0
Architectural/Engineering	\$1,436,325
Const. Interest, Perm. Financing	\$1,820,903
Legal Fees, Appraisals	\$113,000
Reserves	\$646,764
Other Costs	\$2,431,591
Developer Fee	\$2,142,840
Commercial Costs	\$0
<b>Total</b>	<b>\$38,557,022</b>

**Residential**

Construction Cost Per Square Foot:	\$261
Per Unit Cost:	\$374,340
True Cash Per Unit Cost*:	\$370,414

**Construction Financing**

Source	Amount
Citibank	\$29,640,000
Tax Credit Equity	\$7,364,091
Deferred Reserves	\$646,764
Deferred Developer Fee	\$963,327

**Permanent Financing**

Source	Amount
Citibank	\$8,753,453
Deferred Developer Fee	\$404,367
Tax Credit Equity	\$29,399,202
<b>TOTAL</b>	<b>\$38,557,022</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$26,910,822
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$34,984,069
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$7,999,003
Approved Developer Fee in Project Cost:	\$2,142,840
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	RedStone Equity Partners
Federal Tax Credit Factor:	\$0.92000
State Tax Credit Factor:	\$0.80000

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:	\$26,910,822
Actual Eligible Basis:	\$26,910,822
Unadjusted Threshold Basis Limit:	\$23,408,628
Total Adjusted Threshold Basis Limit:	\$26,911,093

**Adjustments to Basis Limit**

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

- 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 also 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**

Initial:	<b>Letter of Support</b>
First:	<b>Special Needs</b>
Final:	<b>20.066%</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.

**Resyndication and Resyndication Transfer Event:** None.

**Significant Information / Additional Conditions**

This project is restricted to households age 62 and older. 51 units are Special Needs units reserved for persons who are homeless, formerly homeless or have mental, physical, or developmental disabilities. These units will be receiving rental subsidy and supportive services from the Los Angeles County Department of Health Services (DHS).

Staff noted the developer fee in cost was in excess of the \$2,142,840 limit required by TCAC regulation section 10327(c)(2)(A). The cost was reduced accordingly resulting in a reduction to the state credit amount recommended for this project.

### **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 City of Los Angeles Housing and Community Investment Department, 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.

<b>Points System</b>	<b>Max. Possible</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 ½ 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 ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Senior project within ¼ mile of daily operated senior center/facility	2	2	2
Special Needs project within ½ mile of facility serving tenant population	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES</b>			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
<b>SPECIAL NEEDS HOUSING TYPE</b>			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>NEW CONSTRUCTION/ADAPTIVE REUSE</b>			
Energy efficiency beyond CA Building Code Title 24 requirements: 12.0%	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>
Enhanced Accessibility and Visitability	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.**