

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 17, 2018

Missouri Place, located at 11950 Missouri Avenue in Los Angeles, requested and is being recommended for a reservation of \$1,417,229 in annual federal tax credits to finance the new construction of 73 units of housing serving special needs tenants with rents affordable to households earning 30-60% AMI% of area median income (AMI). The project will be developed by Thomas Safran & Associates Development, Inc. and will be located in Senate District 26 and Assembly District 50.

Project Number CA-18-620

Project Name Missouri Place
 Site Address: 11950 Missouri Avenue
 Los Angeles, CA 90025 County: Los Angeles
 Census Tract: 2676.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,417,229	\$0
Recommended:	\$1,417,229	\$0

Applicant Information

Applicant: Missouri and Bundy Housing, LP
 Contact: Andrew Gross
 Address: 11812 San Vicente Blvd Suite 600
 Los Angeles, CA 90049
 Phone: (310) 820-4888
 Email: andrew@tsahousing.com

General Partners or Principal Owners: Missouri and Bundy Housing, LLC
 Housing Corporation of America
 General Partner Type: Joint Venture
 Parent Company: Thomas Safran & Associates Development, Inc.
 Developer: Thomas Safran & Associates Development, Inc.
 Investor: Wells Fargo Bank, N.A.
 Management Agent: Thomas Safran & Associates, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 74
 No. / % of Low Income Units: 73 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Bond Information

Issuer: City of LA (HCIDLA)
 Expected Date of Issuance: March 18, 2019

Information

Housing Type: Special Needs
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Elaine Johnson

55-Year Use / Affordability

Aggregate Targeting	Percentage of
Number of Units	Affordable
Number of Units	Units
At or Below 35% AMI: 37	51%
At or Below 50% AMI: 12	16%
At or Below 60% AMI: 24	33%

Unit Mix

40 1-Bedroom Units
24 2-Bedroom Units
10 3-Bedroom Units
74 Total Units

Unit Type & Number	2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
22 1 Bedroom	30%	30%	\$545
10 2 Bedrooms	30%	30%	\$654
5 3 Bedrooms	30%	30%	\$756
6 1 Bedroom	50%	50%	\$909
5 2 Bedrooms	50%	50%	\$1,091
1 3 Bedrooms	50%	50%	\$1,260
12 1 Bedroom	60%	60%	\$1,091
9 2 Bedrooms	60%	60%	\$1,309
3 3 Bedrooms	60%	60%	\$1,512
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$1,246

TCAC-confirmed Projected Lifetime Rent Benefit: \$123,810,720

Project Cost Summary at Application

Land and Acquisition	\$300,000
Construction Costs	\$23,129,530
Rehabilitation Costs	\$0
Construction Contingency	\$2,320,300
Relocation	\$0
Architectural/Engineering	\$1,593,900
Const. Interest, Perm. Financing	\$1,970,055
Legal Fees, Appraisals	\$111,000
Reserves	\$560,145
Other Costs	\$2,331,903
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$34,816,833

Residential

Construction Cost Per Square Foot:	\$286
Per Unit Cost:	\$470,498
True Cash Per Unit Cost*:	\$449,841

Construction Financing

Source	Amount
Wells Fargo	\$18,750,000
LAHCID - HHH Funds	\$11,520,000
Deferred Developer Fee	\$2,300,000
Tax Credit Equity	\$1,686,688

Permanent Financing

Source	Amount
CCRC	\$7,800,000
HCIDLA - Prop HHH	\$11,520,000
Deferred Developer Fee	\$1,528,622
Tax Credit Equity	\$13,968,211
TOTAL	\$34,816,833

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$33,342,067
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$43,344,687
Applicable Rate:	3.27%
Total Maximum Annual Federal Credit:	\$1,417,229
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor:	Wells Fargo Bank, N.A.
Federal Tax Credit Factor:	\$0.98560

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, 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. 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:	\$33,342,067
Actual Eligible Basis:	\$33,342,067
Unadjusted Threshold Basis Limit:	\$21,659,600
Total Adjusted Threshold Basis Limit:	\$53,282,616

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

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 16%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 100%

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 3.27% 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: None

Resyndication and Resyndication Transfer Event: None

Local Reviewing Agency

The Local Reviewing Agency, City of Los Angeles, has completed a site review of this project and strongly supports this project.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

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 reservation 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.

CDLAC Additional Conditions

The applicant/owner is required to provide the tenants with the following service amenities free of charge for a minimum of fifteen (15) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC:

- Instructor-led educational classes, health and wellness or skill-building classes on-site for a minimum of 84 hours per year
- Contract with a full time equivalent bona fide service coordinator / social worker for a minimum number of hours per year on-site