

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 14, 2018

Las Ventanas Apartments, located at 1795 Long Beach Blvd. in Long Beach, requested and is being recommended for a reservation of \$1,842,862 in annual federal tax credits to finance the new construction of 101 units of housing serving large families with rents affordable to households earning 20-80% of area median income (AMI). The project will be developed by AMCAL Enterprises Inc. and will be located in Senate District 33 and Assembly District 70.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the IIG and AHSC programs of HCD and SNHP through CalHFA.

Project Number CA-18-784

Project Name Las Ventanas Apartments
Site Address: 1795 Long Beach Blvd.
 Long Beach, CA 90813 County: Los Angeles
Census Tract: 5754.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,842,862	\$0
Recommended:	\$1,842,862	\$0

Applicant Information

Applicant: AMCAL Multi-Housing Inc.
Contact: Arjun Nagarkatti
Address: 30141 Agoura Road, Suite 100
 Agoura Hills, CA 91301
Phone: 818-706-0694
Email: arjun@amcalhousing.com

General Partner(s) or Principal Owner(s): AMCAL Multi-Housing Inc.
 Las Palmas Foundation

General Partner Type: Joint Venture

Parent Company(ies): AMCAL Multi-Housing Inc.
 Las Palmas Foundation

Developer: AMCAL Enterprises Inc.

Investor/Consultant: MUFG Union Bank, N.A.

Management Agent: FPI Management Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 102
 No. / % of Low Income Units: 101 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (40 units / 40%)

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: December 1, 2018

Information

Housing Type: Large Family
 Geographic Area: Balance of Los Angeles County
 TCAC Project Analyst: Tiffani Negrete

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 20% AMI: 16	16%
At or Below 30% AMI: 16	16%
At or Below 40% AMI: 18	18%
At or Below 60% AMI: 28	28%
At or Below 80% AMI: 23	23%

Unit Mix

1 SRO/Studio Units
 49 1-Bedroom Units
 26 2-Bedroom Units
 26 3-Bedroom Units

 102 Total Units

<u>Unit Type & Number</u>	<u>2018 Rents Targeted % of Area Median Income</u>	<u>2018 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 SRO/Studio	20%	20%	\$339
15 1 Bedroom	20%	20%	\$363
10 1 Bedroom	30%	30%	\$545
10 1 Bedroom	40%	38%	\$693
14 1 Bedroom	60%	60%	\$1,091
6 2 Bedrooms	30%	30%	\$654
8 2 Bedrooms	40%	40%	\$873
11 2 Bedrooms	60%	60%	\$1,309
3 3 Bedrooms	60%	60%	\$1,512
23 3 Bedrooms	80%	80%	\$2,016
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$76,670,880

Project Cost Summary at Application

Land and Acquisition	\$4,089,256
Construction Costs	\$28,931,371
Rehabilitation Costs	\$0
Construction Contingency	\$0
Relocation	\$0
Architectural/Engineering	\$1,653,779
Const. Interest, Perm. Financing	\$3,996,544
Legal Fees, Appraisals	\$180,000
Reserves	\$1,362,688
Other Costs	\$5,591,558
Developer Fee	\$3,500,000
Commercial Costs	\$650,014
Total	\$49,955,210

Residential

Construction Cost Per Square Foot:	\$346
Per Unit Cost:	\$483,384
True Cash Per Unit Cost*:	\$463,394

Construction Financing

<u>Source</u>	<u>Amount</u>
Union Bank - T.E. Bonds	\$38,073,606
City of Long Beach - LBCIC**	\$3,750,000
City of Long Beach - Fee Waiver	\$565,881
CalHFA - SNHP	\$1,500,000
Deferred Developer Fee	\$2,380,000
Tax Credit Equity	\$3,685,723

Permanent Financing

<u>Source</u>	<u>Amount</u>
Union Bank - Tranche A	\$6,764,090
Union Bank - Tranche B	\$5,108,296
City of Long Beach - LBCIC**	\$3,750,000
City of Long Beach - Fee Waiver	\$565,881
CalHFA - SNHP	\$1,500,000
HCD - AHSC Loan	\$9,479,266
HCD - IIG	\$2,859,060
Deferred Developer Fee	\$1,500,000
Tax Credit Equity	\$18,428,617
TOTAL	\$49,955,210

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

**Affordable Housing Loan from Long Beach Community Investment Company

Determination of Credit Amount(s)

Requested Eligible Basis:	\$43,359,942
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$56,367,925
Applicable Rate:	3.27%
Total Maximum Annual Federal Credit:	\$1,842,862
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	MUFG Union Bank, N.A.
Federal Tax Credit Factor:	\$1.00000

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:	\$43,359,942
Actual Eligible Basis:	\$43,359,942
Unadjusted Threshold Basis Limit:	\$31,151,932
Total Adjusted Threshold Basis Limit:	\$68,534,250

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

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.

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: 17%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 62%

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 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 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

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 complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The project commits to becoming certified under Leadership in Energy & Environmental Design (LEED)
- The project commits to having at least 1 building subject to a policy developed by the owner that prohibits smoking in contiguous designated units.
- The project commits to a parking ratio equivalent of 1 parking stall or less per SRO and 1-bedroom restricted rental units, and 1.5 parking stall or less per 2-bedroom and larger restricted rental units.