CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 12, 2018

Breezewood Village, located at 16000 E. Grayville Drive in La Mirada, requested and is being recommended for a reservation of $979,083 in annual federal tax credits to finance the acquisition and rehabilitation of 120 units of housing serving seniors with rents affordable to households earning 50-60% AMI. The project will be developed by Thomas Safran & Associates Development, Inc. and is located in Senate District 32 and Assembly District 57.

Breezewood Village is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Breezewood Village (CA-2003-811). See **Resyndication and Resyndication Transfer Event** below for additional information.

Project Number CA-18-789

Project Name Breezewood Village

Site Address: 16000 E. Grayville Drive
La Mirada, CA 90638 County: Los Angeles

Census Tract: 5037.03

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$979,083	$0
Recommended:	$979,083	$0

Applicant Information

Applicant:	Grayville Housing LP
Contact:	Anthony Yannatta
Address:	11812 San Vicente Blvd., Ste. 600 Los Angeles, CA 90049
Phone:	310-820-4888
Email:	anthony@tsahousing.com

General Partner(s) or Principal Owner(s):	Housing Corporation of America Grayville Housing LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Housing Corporation of America Thomas Safran & Associates Development, Inc.
Developer:	Thomas Safran & Associates Development, Inc.
Investor/Consultant:	Merritt Community Capital Corporation
Management Agent:	Thomas Safran & Associates, Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	19
Total # of Units:	122
No. / % of Low Income Units:	120 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt

Bond Information

Issuer:	California Housing Finance Agency
Expected Date of Issuance:	December 15, 2018

Information

Housing Type:	Seniors
Geographic Area:	Balance of Los Angeles County
TCAC Project Analyst:	Anthony Zeto

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
At or Below 50% AMI:	24	20%
At or Below 60% AMI:	96	80%

Unit Mix

104	1-Bedroom Units
17	2-Bedroom Units
1	3-Bedroom Units
122	Total Units

Unit Type & Number		2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
21	1 Bedroom	50%	38%	$693
44	1 Bedroom	60%	46%	$831
39	1 Bedroom	60%	60%	$1,091
3	2 Bedrooms	50%	36%	$779
5	2 Bedrooms	60%	43%	$935
8	2 Bedrooms	60%	60%	$1,309
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

TCAC-confirmed Projected Lifetime Rent Benefit: $38,483,280

Project Cost Summary at Application	
Land and Acquisition	$20,378,830
Construction Costs	$0
Rehabilitation Costs	$3,921,739
Construction Contingency	$661,318
Relocation	$122,000
Architectural/Engineering	$287,300
Const. Interest, Perm. Financing	$1,117,930
Legal Fees, Appraisals	$212,735
Reserves	$398,175
Other Costs	$297,100
Developer Fee	$3,569,737
Commercial Costs	$0
Total	**$30,966,864**

Residential	
Construction Cost Per Square Foot:	$51
Per Unit Cost:	$253,827
True Cash Per Unit Cost*:	$165,284

Construction Financing

Source	Amount
Citibank - Tax-Exempt Bonds	$8,367,450
Series B Seller Carryback Bonds	$8,632,550
PNC Bank - HUD 221(d)(4) Loan	$1,497,650
NOI During Construction	$606,642
Deferred Developer Fee	$2,169,650
Tax Credit Equity	$9,692,922

Permanent Financing

Source	Amount
PNC Bank - HUD 221(d)(4) Loan	$9,606,100
Seller Carryback Loan	$8,632,550
NOI During Construction	$606,642
Seller Reserves Transfer	$259,000
Deferred Developer Fee	$2,169,650
Tax Credit Equity	$9,692,922
TOTAL	**$30,966,864**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$6,551,907
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$21,426,884
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$8,517,479
Qualified Basis (Acquisition):	$21,426,884
Applicable Rate:	3.27%
Maximum Annual Federal Credit, Rehabilitation:	$278,424
Maximum Annual Federal Credit, Acquisition:	$700,659
Total Maximum Annual Federal Credit:	$979,083
Approved Developer Fee (in Project Cost & Eligible Basis):	$3,569,737
Investor/Consultant:	Merritt Community Capital Corporation
Federal Tax Credit Factor:	$0.99000

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:	$27,978,791
Actual Eligible Basis:	$27,978,791
Unadjusted Threshold Basis Limit:	$32,351,920
Total Adjusted Threshold Basis Limit:	$45,292,688

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

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 20%

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

Prior to closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-2003-811). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed.

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s). Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-2003-811) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

The project is a resyndication occurring concurrently with a Transfer Event with distribution of Net Project Equity. The rehabilitation scope of work shall include all of the Short Term Work in the amount of $621,170. In consideration of requirement of the Short Term Work requirement, the seller of the project will give a credit in the amount of at least $621,170. As a result of the seller credit, the project is allowed to receive eligible basis for the entire Short Term Work amount.

Local Reviewing Agency

The Local Reviewing Agency, the City of Mirada, has completed a site review of this project and 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: None