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

The Pointe on Vermont, located at 7600-7610 S. Vermont Avenue and 950 W. 76th Street in Los Angeles, requested and is being recommended for a reservation of $917,996 in annual federal tax credits to finance the new construction of 49 units of housing serving tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by EAH, Inc. and will be located in Senate District 30 and Assembly District 59.

The project will be receiving rental assistance in the form of County of Los Angeles Department of Health Services FHSP Rental Assistance.

Project Number CA-18-794

Project Name The Pointe on Vermont
Site Address: 7600-7610 S. Vermont Avenue and 950 W. 76th Street
Los Angeles, CA 90044 County: Los Angeles
Census Tract: 2377.20

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$917,996	$0
Recommended:	$917,996	$0

Applicant Information
Applicant: Pointe on Vermont LP
Contact: Steven Spielberg
Address: 22 Pelican Way
San Rafael, CA 94901
Phone: (310) 526-3209
Email: steven.spielberg@eahhousing.org

General Partner(s) or Principal Owner(s): Pointe on Vermont EAH LLC
A2Z Enterprises LLC
General Partner Type: Joint Venture
Parent Company(ies): EAH Inc.
A2Z Enterprises LLC
Developer: EAH Inc.
Investor/Consultant: California Housing Partnershp Corporation
Management Agent: EAH Inc.

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	50
No. / % of Low Income Units:	49 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HOME

Bond Information

Issuer:	City of Los Angeles
Expected Date of Issuance:	March 19, 2019

Information

Housing Type:	Non-Targeted
Geographic Area:	City of Los Angeles
TCAC Project Analyst:	Jack Waegell

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
At or Below 35% AMI:	25	51%
At or Below 60% AMI:	24	49%

Unit Mix

22	SRO/Studio Units
27	1-Bedroom Units
1	2-Bedroom Units
50	Total Units

Unit Type & Number		2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
11	SRO/Studio	30%	30%	$509
14	1 Bedroom	30%	30%	$545
11	SRO/Studio	60%	60%	$1,018
13	1 Bedroom	60%	60%	$1,091
1	2 Bedrooms	Manager's Unit	Manager's Unit	$0

TCAC-confirmed Projected Lifetime Rent Benefit: $18,272,100

Project Cost Summary at Application

Land and Acquisition	$1,245,945
Construction Costs	$15,075,509
Rehabilitation Costs	$0
Construction Contingency	$753,775
Relocation	$0
Architectural/Engineering	$923,880
Const. Interest, Perm. Financing	$1,706,166
Legal Fees, Appraisals	$135,000
Reserves	$313,000
Other Costs	$1,999,198
Developer Fee	$2,816,716
Commercial Costs	$0
Total	**$24,969,189**

Residential

Construction Cost Per Square Foot:	$475
Per Unit Cost:	$499,384
True Cash Per Unit Cost*:	$493,049

Construction Financing

Source	Amount
Citibank Construction Loan	$15,196,222
City of Los Angeles - HHH	$6,000,000
County of Los Angeles - CDC	$1,500,000
Costs Deferred until Conversion	$1,622,270
Deferred Developer Fee	$316,716
Tax Credit Equity	$333,981

Permanent Financing

Source	Amount
Citibank Permanent Loan	$2,260,000
City of Los Angeles - HHH	$7,900,000
County of Los Angeles - CDC	$1,500,000
HCIDLA - RDA	$2,500,000
HCIDLA - HOME	$1,700,000
Deferred Developer Fee	$316,716
Tax Credit Equity	$8,792,473
TOTAL	**$24,969,189**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$21,594,823
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$28,073,270
Applicable Rate:	3.27%
Total Maximum Annual Federal Credit:	$917,996
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,816,716
Investor/Consultant:	California Housing Partnershp Corporation
Federal Tax Credit Factor:	$0.95779

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:	$21,594,823
Actual Eligible Basis:	$21,594,823
Unadjusted Threshold Basis Limit:	$12,136,610
Total Adjusted Threshold Basis Limit:	$29,208,498

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

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 102%

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

24 units will serve both general occupancy low-income persons and households, and 25 units will serve special needs homeless persons identified through Los Angeles County's Coordinated Entry System (CES) with these 25 units receiving a FHSP rental subsidy from the County of Los Angeles Department of Health Services.

The project proposes to have a Community Services Facility (CSF) that will serve low-income persons from the community as well as those living in the project. At the placed-in-service review, prior to the issuance of the IRS 8609 forms, TCAC will evaluate the actual uses of the CSF space, and may consult with the IRS to determine if the actual uses of the space qualify as CSF under IRC 42(d)(4)(C)(ii).

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 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:

- Contract with a full time equivalent bona fide service coordinator / social worker for a minimum number of hours per year on-site