CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 15, 2019

Firestone Phoenix, located at 7321 Miramonte Boulevard in Los Angeles, requested and is being recommended for a reservation of $877,198 in annual federal tax credits to finance the new construction of 43 units of housing serving special needs tenants with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by A Community of Friends and will be located in Senate District 33 and Assembly District 59.

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 VHHP program(s) of HCD.

Project Number CA-19-466

Project Name Firestone Phoenix

Site Address: 7321 Miramonte Boulevard
Los Angeles, CA 90001 County: Los Angeles

Census Tract: 5350.02

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$877,198	$0
Recommended:	$877,198	$0

Applicant Information

Applicant:	Miramonte PSH, L.P.
Contact:	Dora Leong Gallo
Address:	3701 Wilshire Blvd., Suite 700 Los Angeles, CA 90010
Phone:	213-480-0809
Email:	dgallo@acof.org

General Partner(s) or Principal Owner(s):	Supportive Housing LLC
General Partner Type:	For Profit
Parent Company(ies):	A Community of Friends
Developer:	A Community of Friends
Investor/Consultant:	California Housing Partnership Corporation
Management Agent:	Levine Management Group, Inc.

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	44
No. / % of Low Income Units:	43 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project Based Vouchers - (36 units -83%)

Bond Information

Issuer:	LACDC
Expected Date of Issuance:	June 28, 2019

Information

Housing Type:	Special Needs
Geographic Area:	Balance of Los Angeles
TCAC Project Analyst:	Marlene McDonough

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
35% AMI:	22	51%
50% AMI:	21	49%

Unit Mix

9	SRO/Studio Units
20	1-Bedroom Units
15	2-Bedroom Units
44	Total Units

Unit Type & Number		2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
5	SRO/Studio	30%	30%	$509
4	SRO/Studio	50%	50%	$848
10	1 Bedroom	30%	30%	$545
10	1 Bedroom	50%	50%	$909
7	2 Bedrooms	30%	30%	$654
7	2 Bedrooms	50%	50%	$1,091
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$2,074,566
Construction Costs	$13,142,477
Construction Hard Cost Contingency	$1,298,167
Soft Cost Contingency	$145,415
Relocation	$0
Architectural/Engineering	$771,000
Const. Interest, Perm. Financing	$1,799,330
Legal Fees	$135,000
Reserves	$684,879
Other Costs	$1,657,464
Developer Fee	$2,580,000
Commercial Costs	$0
Total	**$24,288,298**

Residential

Construction Cost Per Square Foot:	$390
Per Unit Cost:	$552,007

Construction Financing

Source	Amount
Union Bank	$12,000,000
HACOLA	$278,924
Los Angeles CDC/HA [1]	$8,820,000
Deferred Interest	$325,800
Deferred Costs	$691,993
Deferred Developer Fee	$1,180,000
Tax Credit Equity	$991,581

Permanent Financing

Source	Amount
Union Bank	$1,567,000
HACOLA	$278,924
Los Angeles CDC/HA [1]	$8,820,000
HCD (VHHP)	$3,946,289
Deferred Interest	$325,800
Deferred Developer Fee	$1,180,000
Tax Credit Equity	$8,170,285
TOTAL	**$24,288,298**

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

[1]$8,820,000 is comprised of: $4,950,800 MHHP; $3,200,000 HOME; $669,200 AHF

Determination of Credit Amount(s)

Requested Eligible:	$20,447,496
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$26,581,745
Applicable Rate:	3.30%
Total Maximum Annual Federal Credit:	$877,198
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,580,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$0.93141

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:	$20,447,496
Actual Eligible Basis:	$20,447,496
Unadjusted Threshold Basis Limit:	$13,119,979
Total Adjusted Threshold Basis Limit:	$34,483,708

Adjustments to Basis Limit

Local Development Impact Fees
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: 48%
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 52%

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 or 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 3.30% 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

Staff noted a per unit development cost of $552,007. The applicant attributed the high per unit cost to land, prevailing wages, and shortage of general contractors and subcontractors.

Resyndication and Resyndication Transfer Event: None

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 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.