

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2019 First Round**

**June 12, 2019**

Long Beach Villas, located at 1400 Long Beach Boulevard in Long Beach, requested and is being recommended for a reservation of \$2,388,934 in annual federal tax credits to finance the new construction of 64 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Global Premier Development, Inc. and will be located in Senate District 33 and Assembly District 70.

**Project Number** CA-19-019  
**Project Name** Long Beach Villas  
**Site Address:** 1400 Long Beach Boulevard  
Long Beach, CA 90813 County: Los Angeles  
**Census Tract:** 5753.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,388,934	\$0
Recommended:	\$2,388,934	\$0

**Applicant Information**

**Applicant:** LBB Housing Investors, LP  
**Contact:** Andrew Hanna  
**Address:** 2010 Main Street, Suite 1250  
Irvine, CA 92614  
**Phone:** (949) 777-6931  
**Email:** Andrew@GlobalPremierDevelopment.Com

**General Partner(s) / Principal Owner(s):** Living Hope Housing Foundation  
Global Premier Development, Inc.  
**General Partner Type:** Joint Venture  
**Parent Company(ies):** Living Hope Housing Foundation  
Global Premier Development, Inc.  
**Developer:** Global Premier Development, Inc.  
**Investor/Consultant:** WNC & Associates  
**Management Agent(s):** WSH Management

**Project Information**

**Construction Type:** New Construction  
**Total # Residential Buildings:** 1  
**Total # of Units:** 65  
**No. & % of Tax Credit Units:** 64 100%  
**Federal Set-Aside Elected:** 40%/60%  
**Federal Subsidy:** N/A

**Information**

Set-Aside: N/A  
 Housing Type: Large Family  
 Geographic Area: Balance of Los Angeles County  
 TCAC Project Analyst: Jack Waegell

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
At or Below 30% AMI: 9	10%
At or Below 40% AMI: 14	20%
At or Below 50% AMI: 13	20%
At or Below 60% AMI: 28	40%

**Unit Mix**

29 1-Bedroom Units
36 3-Bedroom Units
<b>65 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2018 Rents Targeted % of Area Median Income</b>	<b>2018 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
5 1 Bedroom	30%	30%	\$545
6 1 Bedroom	40%	40%	\$727
4 1 Bedroom	50%	50%	\$909
13 1 Bedroom	60%	60%	\$1,091
4 3 Bedrooms	30%	30%	\$756
8 3 Bedrooms	40%	40%	\$1,008
9 3 Bedrooms	50%	50%	\$1,260
15 3 Bedrooms	60%	60%	\$1,512
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$6,437,760
Construction Costs	\$16,082,153
Rehabilitation Costs	\$0
Construction Contingency	\$847,668
Relocation	\$0
Architectural/Engineering	\$871,200
Const. Interest, Perm. Financing	\$331,430
Legal Fees	\$45,260
Reserves	\$265,550
Other Costs	\$1,263,537
Developer Fee	\$2,200,000
Commercial Costs	\$940,265
<b>Total</b>	<b>\$29,284,823</b>

**Residential**

Construction Cost Per Square Foot:	\$303
Per Unit Cost:	\$434,887
True Cash Per Unit Cost*:	\$420,527

**Construction Financing**

Source	Amount
Greystone Funding Corp. - HUD 221(d)(4)	\$5,489,950
Deferred Developer Fee	\$1,100,000
Tax Credit Equity	\$22,694,873

**Permanent Financing**

Source	Amount
Greystone Funding Corp. - HUD 221(d)(4)	\$5,489,950
Deferred Developer Fee	\$1,100,000
Tax Credit Equity	\$22,694,873
<b>TOTAL</b>	<b>\$29,284,823</b>

\*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$20,728,656
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$26,947,253
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,388,934
Approved Developer Fee in Project Cost:	\$2,200,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	WNC & Associates
Federal Tax Credit Factor:	\$0.95000

The “as if vacant” land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. 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:	\$20,728,656
Actual Eligible Basis:	\$20,728,656
Unadjusted Threshold Basis Limit:	\$21,260,693
Total Adjusted Threshold Basis Limit:	\$28,241,939

**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

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First:	<b>Large Family</b>
Final:	<b>8.890%</b>

### **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 9.0% 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**

The application did not include an adequate description of play or recreational facilities available for children ages 13-17. When the project places in service, suitable play/recreational facilities for children ages 13-17 must be available pursuant to regulation section 10325(g)(1)(D).

Staff noted that the preliminary architectural drawings indicated that some one-bedroom and three-bedroom units may not meet the 450 square feet and 900 square feet minimum livable space requirements, respectively, pursuant to regulation section 10325(g)(1)(B). These minimums do not include balconies or outside storage space. Please note that these minimums must be met when the final architectural drawings are completed and the project is constructed.

**Resyndication and Resyndication Transfer Event:** None.

### **Legal Status**

Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

### **Local Reviewing Agency**

The Local Reviewing Agency, the City of Long Beach, Development Services Department, has completed a site review of this project and strongly supports this project.

### **Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ½ mile of transit station or public bus stop	3	3	3
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	0
Within 1 mile of a weekly farmers' market operating at least 5 months/year	1	0	1
Within 1/4 mile of a public elementary school that project children may attend	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY HOUSING TYPE			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>0</b>
NEW CONSTRUCTION			
Energy efficiency beyond CA Building Code Title 24 requirements: 12%	5	5	0
<b>Lowest Income</b>	<b>52</b>	<b>47</b>	<b>47</b>
Basic Targeting	50	45	45
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>5</b>	<b>5</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>113</b>	<b>103</b>	<b>98</b>

**Please Note:** If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**