

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2019 First Round
June 12, 2019

Vista Ballona, located at 3960-3966 South Grand View Boulevard in Los Angeles, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits to finance the new construction of 49 units of housing serving large families with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by Community Corporation of Santa Monica and will be located in Senate District 30 and Assembly District 54.

Project Number CA-19-005

Project Name Vista Ballona
 Site Address: 3960-3966 South Grand View Boulevard
 Los Angeles, CA 90066 County: Los Angeles
 Census Tract: 2723.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$0

Applicant Information

Applicant: Community Corporation of Santa Monica
 Contact: Victor A. Ansley
 Address: 1423 2nd Street, Suite B
 Santa Monica, CA 90401
 Phone: (310) 394-8487
 Email: vansley@communitycorp.org

General Partner(s) / Principal Owner(s): Community Corporation of Santa Monica
 General Partner Type: Nonprofit
 Parent Company(ies): Community Corporation of Santa Monica
 Developer: Community Corporation of Santa Monica
 Investor/Consultant: Union Bank
 Management Agent(s): Community Corporation of Santa Monica

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 50
 No. & % of Tax Credit Units: 49 100%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: HOME
 Utility Allowance: CUAC

Information

Set-Aside: Nonprofit (qualified nonprofit organization)
 Housing Type: Large Family
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Jack Waegell

55-Year Use / Affordability

Aggregate Targeting Number of Units

At or Below 30% AMI:	16
At or Below 50% AMI:	5
At or Below 60% AMI:	26
At or Below 80% AMI:	2

Average Income Project (70% and/or 80% AMI Units): 50% AMI targeted average or less is required

Unit Mix

25 1-Bedroom Units
12 2-Bedroom Units
13 3-BedroomUnits
50 Total Units

Unit Type & Number	2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
12 1 Bedroom	30%	16%	\$285
5 1 Bedroom	50%	50%	\$909
8 1 Bedroom	60%	60%	\$1,091
2 2 Bedrooms	30%	30%	\$654
7 2 Bedrooms	60%	60%	\$1,309
2 2 Bedrooms	80%	80%	\$1,746
2 3 Bedrooms	30%	30%	\$756
11 3 Bedrooms	60%	60%	\$1,512
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$6,467,545
Construction Costs	\$19,239,873
Rehabilitation Costs	\$0
Construction Contingency	\$1,745,343
Relocation	\$0
Architectural/Engineering	\$1,286,551
Const. Interest, Perm. Financing	\$1,419,762
Legal Fees	\$125,000
Reserves	\$695,174
Other Costs	\$871,322
Developer Fee	\$1,934,266
Commercial Costs	\$0
Total	\$33,784,836

Residential

Construction Cost Per Square Foot:	\$439
Per Unit Cost:	\$675,697
True Cash Per Unit Cost*:	\$667,355

Construction Financing

Source	Amount
Union Bank	\$20,301,005
HCIDLA - HOME	\$3,982,669
Westside Regional Center	\$2,000,000
Deferred Costs	\$1,302,412
Tax Credit Equity	\$6,248,750

Permanent Financing

Source	Amount
Union Bank	\$2,440,101
HCIDLA - HOME	\$3,982,669
Westside Regional Center	\$2,000,000
Deferred Developer Fee	\$417,066
Tax Credit Equity	\$24,945,000
TOTAL	\$33,784,836

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$22,815,665
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$29,660,365
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Approved Developer Fee in Project Cost:	\$1,934,266
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Union Bank
Federal Tax Credit Factor:	\$0.99780

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:	\$22,815,665
Actual Eligible Basis:	\$25,402,499
Unadjusted Threshold Basis Limit:	\$14,967,473
Total Adjusted Threshold Basis Limit:	\$22,815,666

Adjustments to Basis Limit

- Required to Pay State or Federal Prevailing Wages
- Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels
- 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
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced
- High Resource Opportunity Area

Tie-Breaker Information

First:	Large Family
Final:	38.462%

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

This project's relatively high cost is estimated at \$675,697 per unit in part because is a high-density project on an infill site 3 miles inland from Venice Beach and Marina Del Rey in a High Resource Opportunity Area with high land costs. In addition, the building will be a Type III construction 6-story building that will require commercial prevailing wages and a construction-period elevator.

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 Los Angeles Housing and Community Investment 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.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ¾ mile of public park or community center open to general public	2	2	2
Within ½ mile of public library	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1/4 mile of a public elementary school that project children may attend	3	3	3
High Resources Area	8	8	8
Service Amenities	10	10	10
LARGE FAMILY HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION			
Develop project in accordance w/ requirements: LEED	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	113	113	113

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.