

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

Fairview Heights Apartments, located at 923 East Redondo Blvd. in Inglewood, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$3,191,779 in total state tax credits to finance the new construction of 100 units of housing serving large families with rents affordable to households earning 30-80% of area median income (AMI) (See "**Significant Information / Additional Conditions**" below). The project will be developed by LINC Housing Corporation and will be located in Senate District 30 and Assembly District 62.

The project will be receiving rental assistance in the form of Los Angeles DHS Flexible Housing Subsidy Pool (FHSP).

**Project Number** CA-19-035

**Project Name** Fairview Heights Apartments  
**Site Address:** 923 East Redondo Blvd  
Inglewood, CA 90302 County: Los Angeles  
**Census Tract:** 6009.120

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,500,000	\$3,191,779
Recommended:	\$2,500,000	\$3,191,779

\* The applicant made an irrevocable election not to sell (Certificate) any portion of the state credits.

**Applicant Information**

**Applicant:** LINC-CORE Fairview Metro, LP  
**Contact:** Luis Rodriguez  
**Address:** 9421 Haven Ave  
Rancho Cucamonga, CA 91730  
**Phone:** 562-684-1128  
**Email:** lrodriguez@linchousing.org

**General Partner(s) / Principal Owner(s):** LINC Housing Corporation  
National Community Renaissance of California  
**General Partner Type:** Nonprofit  
**Parent Company(ies):** LINC Housing Corporation  
National Community Renaissance of California  
**Developer:** LINC Housing Corporation  
**Investor/Consultant:** Raymond James Tax Credit Funds, Inc.  
**Management Agent(s):** National CORE

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 2  
 Total # of Units: 101  
 No. & % of Tax Credit Units: 100 100%  
 Federal Set-Aside Elected: 40%/60% Average Income  
 Federal Subsidy: N/A

**Information**

Set-Aside: Nonprofit (homeless assistance)  
 Housing Type: Large Family  
 Geographic Area: Balance of Los Angeles County  
 TCAC Project Analyst: Diane SooHoo

**55-Year Use / Affordability**

**Aggregate Targeting Number of Units**

At or Below 30% AMI:	56
At or Below 50% AMI:	10
At or Below 80% AMI:	34

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

**Unit Mix**

50 1-Bedroom Units
26 2-Bedroom Units
25 3-BedroomUnits
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101 Total Units

<u>Unit Type &amp; Number</u>	<u>2018 Rents Targeted % of Area Median Income</u>	<u>2018 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
50 1 Bedroom	30%	30%	\$545
3 2 Bedrooms	30%	30%	\$654
3 3 Bedrooms	30%	30%	\$756
5 2 Bedrooms	50%	50%	\$1,091
5 3 Bedrooms	50%	50%	\$1,260
17 2 Bedrooms	80%	80%	\$1,746
17 3 Bedrooms	80%	80%	\$2,016
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$7,255,491
Construction Costs	\$31,855,353
Rehabilitation Costs	\$0
Construction Contingency	\$2,028,240
Relocation	\$0
Architectural/Engineering	\$1,122,048
Const. Interest, Perm. Financing	\$2,088,148
Legal Fees	\$51,426
Reserves	\$395,121
Other Costs	\$3,378,122
Developer Fee	\$1,888,040
Commercial Costs	\$3,284,133
<b>Total</b>	<b>\$53,346,122</b>

**Residential**

Construction Cost Per Square Foot:	\$286
Per Unit Cost:	\$495,663
True Cash Per Unit Cost*:	\$446,186

**Construction Financing**

Source	Amount
Citibank	\$29,101,004
Los Angeles County Land Lease	\$5,325,000
HACoLA CDC <sup>1</sup>	\$9,318,100
LA County 2nd District Prop A	\$2,000,000
Deferred Costs	\$1,273,459
General Partner Equity	\$100
Tax Credit Equity	\$6,328,459

**Permanent Financing**

Source	Amount
Citibank	\$10,812,188
Los Angeles County Land Lease	\$5,325,000
HACoLA CDC <sup>1</sup>	\$9,460,000
LA County 2nd District Prop A	\$2,000,000
General Partner Equity	\$100
Tax Credit Equity	\$25,748,834
<b>TOTAL</b>	<b>\$53,346,122</b>

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

<sup>1</sup>Housing Authority of the County of Los Angeles - Community Development Commission

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$27,777,778
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,778
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$3,191,779
Approved Developer Fee in Project Cost:	\$1,888,040
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Raymond James Tax Credit Funds, Inc.
Federal Tax Credit Factor:	\$0.93420
State Tax Credit Factor:	\$0.75000

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:	\$27,777,778
Actual Eligible Basis:	\$42,189,998
Unadjusted Threshold Basis Limit:	\$30,153,250
Total Adjusted Threshold Basis Limit:	\$36,950,424

**Adjustments to Basis Limit**

- 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

**Tie-Breaker Information**

First:	<b>Large Family</b>
Final:	<b>63.358%</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, or, in the case of acquisition credit or credit combined with federal subsidies, 3.30%. 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:**

Although this project is a large family housing type, the applicant has designated 50% of the project's units (all one-bedroom units) for special needs tenants with rents affordable to households earning 30% of AMI.

**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, City of Inglewood, 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
Negative Points			
<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 ¼ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within 1½ miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within ¾ mile of a public elementary school	2	2	2
Within 1 mile of medical clinic or hospital	2	2	2
Within 1 mile of a pharmacy	1	1	1
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: LEED	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
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>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Points</b>	<b>113</b>	<b>113</b>	<b>113</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.**