CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 11, 2019

Golden West Tower, located at 3510 Maricopa Street in Torrance, requested and is being recommended for a reservation of $3,195,328 in annual federal tax credits to finance the acquisition and rehabilitation of 178 units of housing serving seniors with rents affordable to households earning 50% of area median income (AMI). The project will be developed by Community Preservation Partners LLC and is located in Senate District 35 and Assembly District 66.

Golden West Tower is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Golden West Towers (CA-2004-919). See **Resyndication and Resyndication Transfer Event** below for additional information. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number	CA-19-589		
Project Name	Golden West Tower		
Site Address:	3510 Maricopa Street		
	Torrance, CA 90503		County: Los Angeles
Census Tract:	6506.04		

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$3,195,328	$0
Recommended:	$3,195,328	$0

Applicant Information

Applicant:	Golden West Community Partners LP
Contact:	Anand Kannan
Address:	17782 Sky Park Circle
	Irvine, CA 92614
Phone:	949 236-8278
Email:	akannan@cpp-housing.com

General Partners or Principal Owners:	Golden West GP, LLC
	AHA Los Angeles II MGP, LLC
General Partner Type:	Joint Venture
Parent Companies:	WNC Development Partners, LLC
	Affordable Housing Access
Developer:	Community Preservation Partners LLC
Investor/Consultant:	WNC & Associates, Inc.
Management Agent:	Rose Community Management

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	1
Total # of Units:	180
No. / % of Low Income Units:	178 100.00%
Federal Set-Aside Elected:	20%/50%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (178 units - 100%)

Bond Information

Issuer:	California Housing Finance Agency
Expected Date of Issuance:	January 31, 2020

Information

Housing Type:	Seniors
Geographic Area:	Los Angeles
TCAC Project Analyst:	Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	178	100%

Unit Mix

128	SRO/Studio Units
51	1-Bedroom Units
1	2-Bedroom Units
180	Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
49	SRO/Studio	50%	50%	$913
79	SRO/Studio	50%	50%	$913
23	1 Bedroom	50%	50%	$979
25	1 Bedroom	50%	50%	$979
2	1 Bedroom	50%	50%	$979
1	1 Bedroom	Manager’s Unit	Manager’s Unit	$0
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$74,210,000
Construction Costs	$0
Rehabilitation Costs	$9,481,749
Construction Hard Cost Contingency	$948,175
Soft Cost Contingency	$75,000
Relocation	$250,000
Architectural/Engineering	$522,000
Const. Interest, Perm. Financing	$5,622,150
Legal Fees	$215,000
Reserves	$972,000
Other Costs	$232,756
Developer Fee	$12,452,895
Commercial Costs	$0
Total	**$104,981,725**

Residential

Construction Cost Per Square Foot:	$122
Per Unit Cost:	$583,232
True Cash Per Unit Cost*:	$532,271

Construction Financing

Source	Amount
Citibank, N.A.	$77,000,000
Operating Income	$4,379,500
Seller Credit	$910,000
Deferred Developer Fee	$7,426,546
Tax Credit Equity	$15,265,679

Permanent Financing

Source	Amount
Citibank, N.A.	$61,450,000
Operating Income	$2,294,382
Seller Credit	$910,000
Deferred Developer Fee	$9,172,897
Tax Credit Equity	$31,154,446
TOTAL	**$104,981,725**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$17,441,350
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$78,030,848
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$22,673,755
Qualified Basis (Acquisition):	$78,030,848
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$620,310
Maximum Annual Federal Credit, Acquisition:	$2,575,018
Total Maximum Annual Federal Credit:	$3,195,328
Approved Developer Fee (in Project Cost & Eligible Basis):	$12,452,895
Investor/Consultant:	WNC & Associates, Inc.
Federal Tax Credit Factor:	$0.97500

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:	$95,472,198
Actual Eligible Basis:	$95,472,198
Unadjusted Threshold Basis Limit:	$46,655,197
Total Adjusted Threshold Basis Limit:	$97,975,914

Adjustments to Basis Limit

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: 100%

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 are slightly below 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

The project's cost is estimated at $583,232 per unit. This cost is attributable to its location in the City and County of San Francisco and the value and cost of land and improvements.

The applicant's estimate for annual operating expenses per unit is below the $5,000 published per unit operating expense minimum required for this type of project. As allowed by TCAC Regulation Section 10327(g)(1), TCAC approves the annual per unit operating expense total of $4,558 in agreement with the permanent lender and equity investor.

The applicant requested and has been granted a partial waiver to reduce the 10% mobility feature requirement under TCAC Regulation Section 10325(f)(7)(K) to 5% of the units (9 units) being provided with grab bar backing, accessible plumbing fixtures, electrical outlets and bathroom accessories within reach range, and kitchen cabinets at accessible height. Additionally, 4% of the units (7 units) will be provided with communication features, and at least one of each common area facility type and amenity, as well as paths of travel between accessible units and such facilities and amenities, the building entry and public right of way, and the leasing office or area, shall also be made accessible utilizing California Building Code Chapter 11(B) as a design standard.

Pursuant to TCAC Regulation Section 10326(g)(5), general partners and management companies lacking documented experience with Section 42 requirements using the minimum scoring standards described in Section 10325(c)(2)(A) and (B) shall be required to complete training prior to a project's placing in service as prescribed by TCAC. Specifically, the project's property management company, Rose Community Management, LLC, shall complete training prior to the project's placing in service as prescribed by TCAC.

Resyndication and Resyndication Transfer Event
Prior to closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-2004-919). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15-year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s). Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-2004-919) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on TCAC staff's review of the commitment in the application. The services documented in the placed in service package will be reviewed by TCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a resyndication occurring concurrently with a Transfer Event with distribution of Net Project Equity. The rehabilitation scope of work shall include all of the Short Term Work in the amount of $968,932. In consideration of the Short Term Work requirement, the seller of the existing property reduced the combined purchase price to $74,160,000, which is $40,000 less than the appraised value of $74,200,000. Additionally, a combination of a seller credit of $910,000 and $18,932 excluded from eligible basis will fund the balance of the Short Term Work cost.

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.

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 comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.