

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

September 16, 2020

Vintage at Woodman, located at 7660-7700 Woodman Avenue in Los Angeles, requested a reservation of \$2,169,451 in annual federal tax credits and \$11,449,867 in total state tax credits, but is being recommended for a reservation of \$2,111,591 in annual federal tax credits and \$9,759,673 in total state tax credits to finance the new construction of 237 units of housing serving seniors with rents affordable to households earning 50-80% of area median income (AMI). The project will be developed by USA Multifamily Development, Inc. and will be located in Senate District 18 and Assembly District 46.

The project funding includes state funding from the MIP program of CalHFA.

Project Number CA-20-638

Project Name Vintage at Woodman
Site Address: 7660-7700 Woodman Avenue
Los Angeles, CA 91402 County: Los Angeles
Census Tract: 1204.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,169,451	\$11,449,867
Recommended:	\$2,111,591	\$9,759,673

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

Applicant Information

Applicant: Panorama City 684, L.P.
Contact: Darren Bobrowsky
Address: 3200 Douglas Blvd., Suite 200
Roseville, CA 95661
Phone: (916) 865-3981
Email: dbobrowsky@usapropfund.com

General Partner(s) or Principal Owner(s): USA Panorama City 684, Inc.
Riverside Charitable Corporation
General Partner Type: Joint Venture
Parent Company(ies): USA Properties Fund, Inc.
Riverside Charitable Corporation
Developer: USA Multifamily Development, Inc.
Investor/Consultant: Boston Capital
Management Agent: USA Multifamily Management, Inc

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 239
 No. / % of Low Income Units: 237 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt

Bond Information

Issuer: California Housing Finance Agency
 Expected Date of Issuance: December 15, 2020

Information

Housing Type: Seniors
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Jack Waegell

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
50% AMI: 120	51%
60% AMI: 58	24%
80% AMI: 59	25%

Unit Mix

163 1-Bedroom Units
 76 2-Bedroom Units

 239 Total Units

<u>Unit Type & Number</u>	<u>2020 Rents Targeted % of Area Median Income</u>	<u>2020 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
83 1 Bedroom	50%	50%	\$1,056
40 1 Bedroom	60%	60%	\$1,267
40 1 Bedroom	80%	77%	\$1,620
37 2 Bedrooms	50%	50%	\$1,267
18 2 Bedrooms	60%	60%	\$1,520
19 2 Bedrooms	80%	75%	\$1,911
2 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$10,550,000
Construction Costs	\$44,256,805
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$4,383,143
Soft Cost Contingency	\$785,860
Relocation	\$0
Architectural/Engineering	\$2,733,071
Const. Interest, Perm. Financing	\$6,169,486
Legal Fees	\$0
Reserves	\$792,290
Other Costs	\$2,062,088
Developer Fee	\$7,964,209
Commercial Costs	\$0
Total	\$79,696,952

Residential

Construction Cost Per Square Foot:	\$286
Per Unit Cost:	\$333,460
True Cash Per Unit Cost*:	\$322,656

Construction Financing

Source	Amount
Citibank - Tax-Exempt	\$45,000,000
Citibank - Taxable	\$15,000,000
Deferred Costs	\$792,290
Deferred Developer Fee	\$7,964,209
Tax Credit Equity	\$12,726,235

Permanent Financing

Source	Amount
Citibank	\$37,250,000
CalHFA - MIP	\$11,850,000
Deferred Developer Fee	\$4,367,900
Tax Credit Equity	\$26,229,052
TOTAL	\$79,696,952

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$65,172,570
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$65,172,570
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$2,111,591
Total State Credit:	\$9,759,673
Approved Developer Fee (in Project Cost & Eligible Basis):	\$7,964,209
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$0.89550
State Tax Credit Factor:	\$0.75000

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:	\$65,172,570
Actual Eligible Basis:	\$65,172,570
Unadjusted Threshold Basis Limit:	\$86,139,816
Total Adjusted Threshold Basis Limit:	\$144,183,811

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
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 50%

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 the minimum operating expenses established in the Regulations (see the Significant Information / Additional Conditions section below), and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.24% 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 included \$2,116,100 in local development impact fees in the sources and uses budget and as a threshold basis limit adjustment. However, the application's documentation has the impact fee costs at only \$330,318. As a result, staff reduced the project's adjusted threshold basis limit from \$145,969,593 to \$144,183,811. The project still meets TCAC's requirements at its reduced limit.

The reduction to the local development impact fees also results in a reduction to the project's costs, eligible basis, and funding gap, which results in a reduction to the state and federal tax credits recommended for this project as shown on page one of this Staff Report.

As allowed under CTCAC Regulation Section 10327(g)(1) the applicant provided letters from the permanent lender and investor for the project to be underwritten at operating expenses up to 15% below the TCAC minimum (\$5,000 per unit per year) at \$4,538 per unit per year, which is 9.24% below the TCAC minimum.

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.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

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.