

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
September 16, 2020**

Villa Raymond Apartments, located at 455 North Raymond Avenue in Pasadena, California, requested and is being recommended for a reservation of 940,184 in annual federal tax credits and \$0 in total state tax credits to finance the acquisition and rehabilitation of sixty (60) units of housing serving seniors with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Standard Property Company, Inc. and is located in Senate District 25 and Assembly District 41.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

Project Number CA-20-629

Project Name Villa Raymond Apartments
Site Address: 455 N. Raymond Ave.
Pasadena, CA 91103 County: Los Angeles
Census Tract: 4619.01

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$940,184	\$0
Recommended:	\$940,184	\$0

Applicant Information

Applicant: Standard Villa Raymond Venture LP
Contact: Keith Dragoon
Address: 1901 Ave. of the Stars, Ste. 395
Los Angeles, CA 90067
Phone: (310) 464-1069
Email: kdragoon@standard-companies.com

General Partner(s) or Principal Owner(s): Standard Villa Raymond Manager LP
Housing on Merit XIII LLC
General Partner Type: Joint Venture
Parent Company(ies): Housing on Merit
Developer: Standard Property Company, Inc.
Investor/Consultant: Candeur Group
Management Agent: AMC-CA, Inc., dba Apartment Management Consultants, LLC

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 1
Total # of Units: 61
No. / % of Low Income Units: 60 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Contract (61 units - 100%)

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: September 30, 2020

Information

Housing Type: Seniors
 Geographic Area: Balance of Los Angeles County
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
50% AMI: 38	63%
60% AMI: 22	37%

Unit Mix

45 SRO/Studio Units
 16 1-Bedroom Units

 61 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>
31 SRO/Studio	50%	50%	\$986
14 SRO/Studio	60%	60%	\$1,183
7 1 Bedroom	50%	50%	\$1,056
8 1 Bedroom	60%	60%	\$1,267
1 1 Bedroom	Manager's Unit	Manager's Unit	\$2,280

Project Cost Summary at Application

Land and Acquisition	\$21,000,000
Rehabilitation Costs	\$4,342,373
Construction Hard Cost Contingency	\$434,237
Relocation	\$61,000
Architectural/Engineering	\$347,390
Const. Interest, Perm. Financing	\$329,611
Legal Fees	\$335,000
Reserves	\$0
Other Costs	\$105,413
Developer Fee	\$3,451,829
Total	\$30,406,853

Residential

Construction Cost Per Square Foot:	\$150
Per Unit Cost:	\$498,473
True Cash Per Unit Cost*:	\$498,473

Construction Financing

Source	Amount
Jones Lang LaSalle - Tax-Exempt	\$15,865,000
Jones Lang LaSalle - Taxable	\$3,784,000
Contributed Developer Fee	\$3,451,829
Tax Credit Equity	\$7,306,024

Permanent Financing

Source	Amount
Jones Lang LaSalle - Tax-Exempt	\$15,865,000
Jones Lang LaSalle - Taxable	\$3,784,000
Contributed Developer Fee	\$2,484,234
Tax Credit Equity	\$8,273,619
TOTAL	\$30,406,853

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$5,962,751
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$23,058,183
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$5,962,751
Qualified Basis (Acquisition):	\$23,058,183
Applicable Rate:	3.24%
Maximum Annual Federal Credit, Rehabilitation:	\$193,099
Maximum Annual Federal Credit, Acquisition:	\$747,085
Total Maximum Annual Federal Credit:	\$940,184
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,451,829
Investor/Consultant:	Candeur Group
Federal Tax Credit Factor:	\$0.88000

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:	\$29,020,933
Actual Eligible Basis:	\$29,020,933
Unadjusted Threshold Basis Limit:	\$18,612,552
Total Adjusted Threshold Basis Limit:	\$32,199,715

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: 63%

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 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: None

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.