

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**March 21, 2007**

**Project Number** CA-2007-807

**Project Name** Mariposa Place Apartments  
**Address:** 5030 West Santa Monica Boulevard  
Los Angeles, CA 90029 County: Los Angeles

**Applicant Information**

**Applicant:** Hollywood Community Housing Corporation  
**Contact** William Harris  
**Address:** 1640 North Wilcox Avenue  
Los Angeles, CA 90028  
**Phone:** (323) 469-0710 x 210 Fax: (323) 469-1899  
**Sponsors Type:** Nonprofit

**Bond Information**

**Issuer:** Los Angeles Housing Department  
**Expected Date of Issuance:** March 2007  
**Credit Enhancement:** N/A

**Eligible Basis**

**Actual:** \$22,775,131  
**Requested:** \$22,775,131  
**Maximum Permitted:** \$25,462,993

**Extra Feature Adjustments:**

**Required to Pay Prevailing Wages:** 20%   
**Parking Beneath Residential Units:** 7%   
**55-Year Use/Rent Restriction Adjustment:** 120%   
**Local Development Impact Fees:**

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,065,876	\$0
Recommended:	\$1,065,876	\$0

**Project Information**

**Construction Type:** New Construction  
**Federal Subsidy:** Tax-Exempt  
**HCD MHP Funding:** Yes  
**Total # of Units:** 58  
**Total # Residential Buildings:** 1

**Income/Rent Targeting**

**Federal Setaside Elected:** 40%/60%  
**% & No. of Targeted Units:** 100% - 57 units  
**55-Year Use/Affordability Restriction:** Yes  
**Number of Units @ or below 50% of area median income:** 57

<u>Unit Type &amp; Number</u>	<u>2007 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
7 One-Bedrooms	35%	\$454
9 Two-Bedrooms	35%	\$546
9 Three-Bedrooms	35%	\$630
2 Four-Bedrooms	35%	\$704
6 One-Bedrooms	50%	\$649
10 Two-Bedrooms	50%	\$780
11 Three-Bedrooms	50%	\$818
3 Four-Bedrooms	50%	\$883
1 Two-Bedroom	Manager's Unit	\$0

The project developer is Hollywood Community Housing Corporation.

The management services will be provided by Barker Management.

The market analysis was provided by Market Insights.

The Local Reviewing Agency, the Los Angeles Housing Department, has completed a site review of this project and strongly supports this project.

**Project Financing**

Estimated Total Project Cost: \$25,431,434 Per Unit Cost: \$438,473 Construction Cost Per Sq. Ft.: \$254

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
Bank of America – Tax Ex. Bonds	\$15,181,000	Bank of America – Tax Ex. Bonds	\$1,530,000
Los Angeles Housing Department	\$3,132,000	HCD-MHP	\$3,888,000
County of Los Angeles	\$1,733,390	HACoLA – City of Industry	\$1,882,838
Developer Equity & Deferred Fees	\$1,671,041	Los Angeles Housing Department	\$3,132,000
Developer Costs	\$947,661	Developer Equity & Deferred Fee	\$1,671,041
Investor Equity	\$2,506,771	Accrued Interest	\$214,335
Accrued Interest	\$214,335	County of Los Angeles	\$1,733,390
		Income from Interest	\$45,236
		Investor Equity	\$11,334,594
		<b>TOTAL</b>	<b>\$25,431,434</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$22,775,131
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$29,607,670
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	\$1,065,876
Approved Developer Fee:	\$2,404,400
Tax Credit Factor:	\$1.06

Applicant requests and staff recommends annual federal credits of \$1,065,876, based on a qualified basis of \$29,607,670 and a funding shortfall of \$11,334,594.

**Cost Analysis and Line Item Review**

The requested eligible basis (\$22,775,131) is below TCAC's adjusted threshold basis limit (\$25,462,993). The basis limit includes the adjustment for extraordinary features for projects that are required to pay state or federal prevailing wages, projects that are required to provide parking beneath the residential units, the 120% adjustment for the 55-year use/affordability restriction for projects that have more than 50% tax-credit units, and local development impact fees. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitation.

Annual operating expenses 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 3.60% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

**Special Issues/Other Significant Information:** 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.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

**Recommendation:** Staff recommends that the Committee make a reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

<b>\$1,065,876</b> Federal/Annual	<b>\$0</b> State/Total
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**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.

TCAC makes the 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 will be permitted without the express approval of TCAC.

The applicant must pay TCAC an 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 anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

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 credits 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.

**Additional Conditions:** The applicant/owner is required to provide the tenants with high-speed Internet access (paid for by Project Sponsor) in each unit of an on-going nature, and educational classes (such as English as a Second Language class, computer training, etc.) for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC.

**Project Analyst:** Jack Waegell