



<b>Selection Criteria</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency/Credit Reduction/Public Funds</b> <b>Maximum of 20 points</b>	<b>20</b>	<b>20</b>	<b>20</b>
<input checked="" type="checkbox"/> Credit Reduction	20	2	2
<input checked="" type="checkbox"/> Public Funds	18	18	18
<b>Owner / Management Characteristics</b> <b>Maximum of 9 points</b>	<b>9</b>	<b>9</b>	<b>9</b>
<input checked="" type="checkbox"/> General Partner Experience	6	6	6
<input checked="" type="checkbox"/> Management Experience	3	3	3
<b>Negative Points</b>			
<b>Housing Needs</b> <b>Maximum of 10 points</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b> <b>Maximum of 15 points</b>	<b>15</b>	<b>15</b>	<b>15</b>
<input checked="" type="checkbox"/> Within 500 feet of a regular bus stop or rapid transit system stop	4	4	4
<input checked="" type="checkbox"/> Within ½ mile of public park or community center open to general public	2	2	2
<input checked="" type="checkbox"/> Within ¼ mile of public library	3	3	3
<input checked="" type="checkbox"/> Within ¼ mile of a full-scale grocery store with staples, fresh meat and fresh produce	4	4	4
<input checked="" type="checkbox"/> Within 1 mile of medical clinic or hospital	2	2	2
<b>Service Amenities</b> <b>Maximum of 10 points</b>	<b>10</b>	<b>10</b>	<b>10</b>
<input checked="" type="checkbox"/> High speed internet service provided in each unit	5	5	5
<input checked="" type="checkbox"/> Bona fide service coordinator available	5	5	5
<b>Neighborhood Revitalization</b> <b>Maximum of 9 points</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>Sustainable Building Methods</b> <b>Maximum of 8 points</b>	<b>8</b>	<b>8</b>	<b>8</b>
<input checked="" type="checkbox"/> Energy star rated ceiling fans in bedroom/living room; whole house fan; economizer	2	2	2
<input checked="" type="checkbox"/> Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
<input checked="" type="checkbox"/> Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
<input checked="" type="checkbox"/> Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
<input checked="" type="checkbox"/> Project has nonsmoking buildings or contiguous sections within a building	1	1	1
<b>Lowest Income</b> <b>Maximum of 52 points</b>	<b>52</b>	<b>52</b>	<b>52</b>
<input checked="" type="checkbox"/> Basic Targeting	50	50	50
<input checked="" type="checkbox"/> Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b> <b>Maximum of 20 points</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>State credit substitution</b> <b>Maximum of 2 points</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Points</b>	<b>155</b>	<b>155</b>	<b>155</b>

**Tie-Breaker Information**

Tie-Breaker Categories Apply to this Project: **Yes**

First: Housing Type **Senior**

Second: Maximum Neighborhood Revitalization Points/Federal Designated Area **Yes**

Third: Calculated Ratio per Regulation 10325(c)(12) **55.256%**

**2008 Rents for 2<sup>nd</sup> Round 2008**

<u>Unit Type &amp; Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
5 One-bedroom Units	30%	\$426
5 One-bedroom Units	40%	\$568
40 One-bedroom Units	50%	\$710
26 One-bedroom Units	60%	\$852
5 Two-bedroom Units	30%	\$511
5 Two-bedroom Units	40%	\$682
10 Two-bedroom Units	50%	\$852
4 Two-bedroom Units	60%	\$1,023
1 Two-bedroom Unit	Manager's Unit	\$1,023

The general partner or principal owner is Beyond Shelter Housing Development Corporation.

The project developer is Beyond Shelter Housing Development Corporation.

The management agent is Barker Management, Inc.

The market analyst is Prior & Associates.

The Local Reviewing Agency, the city of South Gate, has completed a site review of this project and strongly supports this project.

**Project Financing**

Estimated Total Project Cost: \$38,559,633 Per Unit Cost: \$362,959 Construction Cost Per Sq. Foot: \$498

Estimated Residential Cost: \$36,658,904

Estimated Commercial Cost: \$1,900,729

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank	\$19,493,442	Johnson Capital	\$7,698,199
City of South Gate – Contribution	\$8,252,828	City of South Gate – Contribution	\$8,252,828
City of South Gate – Fee Deferral	\$757,500	City of South Gate – Fee Deferral	\$757,500
Deferred Costs	\$2,519,642	Developer Note	\$165,404
Investor Equity	\$5,635,492	FHLB – AHP	\$1,000,000
Johnson Capital – Commercial Loan	\$1,900,729	Johnson Capital – Commercial Loan	\$1,900,729
		Investor Equity	\$18,784,973
		<b>TOTAL</b>	<b>\$38,559,633</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$19,609,510
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis Credit Reduction (2%)	\$509,847
Qualified Basis:	\$24,982,516
Applicable Rate:	8.00%
Total Maximum Annual Federal Credit:	\$1,998,601
Total State Credit:	\$0
Approved Developer Fee in Project Cost:	\$450,000
Approved Developer Fee in Eligible Basis:	\$450,000
Tax Credit Factor: Multi-Housing Partners, LLC	\$0.9399

Applicant requests and staff recommends annual federal credits of \$1,998,601, based on a qualified basis of \$24,982,516 and a funding shortfall of \$18,784,973.

### Cost Analysis and Line Item Review

The requested eligible basis \$19,609,510 is below TCAC's threshold basis limit \$19,725,830. The basis limit was increased by the following extraordinary features: projects where 95% of upper floor units are elevator-serviced, projects requiring environmental mitigation as certified by the project architect, projects that are required to provide parking beneath the residential units, local development impact fees, projects that include distributive energy technologies such as micro turbines and/or renewable energy sources such as solar, and the adjustment for projects with 3 or more energy efficiency/resource conservation/indoor air quality items for using a Minimum Efficiency Report Value (MERV) 8 or higher air filter for HVAC systems that introduce outside air, installing bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all living rooms or 50% or all common areas, and using at least four recycled products listed in the Construction, Flooring, or Recreation section of the California Integrated Waste Management Board's Recycled Content Products Database. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations.

Annual operating expenses equal 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 8.00% 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.

**Special Issues/Other Significant Information:** This project's operating expense minimum has been reduced by 15% from the TCAC published minimums to \$2,550 per unit per year as allowed by regulation on agreement of the permanent lender and equity investor.

This project has received a waiver allowing the project to include 25% two-bedroom units instead of the standard senior housing-type regulatory limit of 20%.

The project's average cost to produce a square foot of residential space is very high as the result of extensive foundation work to address soil liquefaction issues and two major public utility easements with existing sewer and storm drains, which necessitated approximately 120 caissons and related grade beams, and the additional cost to the podium parking to address the liquefaction and public utilities. Also, the project incurred additional cost as a result of a 2-year work stoppage and costs associated with the mixed-use design. In addition, the project is designed to qualify for Build It Green Multifamily Green points as required by the County of Los Angeles, which results in additional costs for architectural details (recycled materials, air quality and solar energy components).

**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.

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

**Federal/Annual**  
**\$1,998,601**

**State/Total**  
**\$0**

### **Standard Conditions**

An application for a carryover allocation must be submitted by **October 31, 2008**, as required by regulation section 10328(d), together with the applicable allocation fee and all required documentation. The time for meeting the “10%” test and submitting related documentation will be no later than six (6) months after the date of the executed carryover allocation (as defined by IRC Section 42 and IRS Notices). The applicant must ensure the project meets all Additional Threshold Requirements for the housing type of the proposed project.

The applicant must submit all documentation required for a Final Reservation no later than February 1 of the year that the building(s) must be placed in service pursuant to Section 42(h)(1)(E)(i) of the Internal Revenue Code of 1986, as amended. The applicant shall provide the Committee a Final Reservation application providing the documentation for the project set forth in Section 10322(i)(1) of these regulations.

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. The performance deposit must be paid by cashier's check within 20 calendar days of any preliminary reservation. The allocation fee must be paid within a time period specified in the preliminary reservation letter. The allocation fee will be due prior to execution of a carryover allocation or issuance of tax forms, whichever comes first. 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 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.

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 ten 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)(8) 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)(P) at project completion.

**Additional Conditions**

Applicants that received 20 points for readiness to proceed must meet ALL of the following requirements. The applicant must be ready to begin construction within 150 days of the Credit Reservation which is **March 9, 2009**, as evidenced by submission, within that time of, recorded deeds of trust for all construction financing, payment of all construction lender fees, issuance of building permits and notice to proceed delivered to the contractor. Failure to meet this timeline will result in rescission of the Credit Reservation.

**Project Analyst:** Jack Waegell