

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2009 Cash in Lieu of Credits - TCAP Funds & HCD Loan Guarantee
August 26, 2009

Project Number CA-2009-558

Project Name 36th Street and Broadway Apartments for Transition Aged Youth
Address: 157 E. 36th Street 4775 S. Broadway
Los Angeles, CA 90011 Los Angeles, CA 90037

County: Los Angeles County

Applicant Information

Applicant: LTSC Community Development Corporation
Sponsor: Takao Suzuki
Address: 231 E. 3rd Street, Suite G-106
Los Angeles, CA 90013
Phone: (213) 473-1606 **Fax:** (213) 473-1681
Email: tsuzuki@ltsc.org

General Partner Type: Nonprofit

The general partner(s) or principal owner(s) are LTSC Community Development Corporation and Coalition for Responsible Community Development.

Project Information

Construction Type: Acquisition Rehabilitation
Federal Subsidy: Tax-Exempt
HCD MHP Funding: Yes
Total # of Units: 27
Total # Residential Buildings: 4

Information

Housing Type: Special Needs
Proposed Average Affordability: 34.37

Davis-Bacon Required: Yes

NEPA Required: Yes

State Prevailing Wages Required: Yes

2008 TCAC Project Number: CA-2008-941

Federal/Annual

2008 Federal Tax Credits Reserved: \$347,142

2008 Federal Tax Credits Retained: \$100

2008 Federal Reserved Tax Credits Exchanged/Returned: \$347,042

Original Net Equity Factor: (Max .85 for 2008 & .80 for 2009) .7613 Fed

Calculated Amount of Cash Requested: (\$347,042 X 10 X .7613) = \$2,642,031

Total Cash Award Recommended: \$2,642,031

HCD Loan Guarantee Requested: Partial \$681,915 (MHP Commitment is \$2,681,915)

HCD Loan Guarantee Recommended: \$681,915

ARRA Scoring Criteria	Max. Possible Points	Points Awarded
<i>DDA Bonus Points</i>	25	0
<i>Housing Type Points (Maximum of 50 points)</i>		
<input checked="" type="checkbox"/> Special Needs, SRO, Homeless Project	50	50
<i>Total Project Cost/Cash Request Points (Maximum of 100 points)</i>		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: \$11,198,229		
Cash Award Request: \$2,642,031		
Total Points Awarded: $100 - (\$2,642,031 / \$11,198,229 \times 100) = 76.4067$	100	76.4067
<i>Total Average Affordability Points (Maximum of 100 points)</i>		
Projects Original Proposed Average Affordability: 34.37%		
60% - Average Affordability X 5 Points = $(60\% - 34.37\%) \times 5 = 128.15$	100	100
Total Points	275	226.4067

Approved 2008 TCAC Proposed Rent and Income Levels

<u>Unit Type & Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
11 SRO/Studio	30%	\$398
8 One-Bedroom	30%	\$426
2 One-Bedroom	50%	\$710
3 Two-Bedroom	50%	\$852
1 Three-Bedroom	30%	\$567
1 SRO/Studio	Manager's Unit	\$0
1 Two-Bedroom	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$11,277,342 Per Unit Cost: \$417,679

Wells Fargo Bank – T.E. Bonds	\$3,527,600	Los Angeles Housing Department	\$2,938,772
Los Angeles Housing Department	\$2,938,772	H A of the County of Los Angeles	\$2,413,929
H A of the County of Los Angeles	\$2,413,929	CRA of LA	\$450,000
CRA of LA	\$450,000	Deferred Developer Fee	\$149,845
Investor Equity	\$850	HCD – MHP (CRA Bridge Loan)	\$2,000,000
TCAC ARRA Funds	\$1,056,240	HCD – MHP ARRA Guarantee	\$681,915
		Investor Equity	\$850
		TCAC ARRA Funds	\$2,642,031
		TOTAL	\$11,277,342

Income and Expense Statement for Year 1

Gross Residential Rents:	\$145,128
Section 8 Income:	\$107,040
Miscellaneous Income:	\$1,661
Vacancy Rate: 10%	(\$26,013)
Total Effective Gross Income:	\$234,119
Less Total Expenses/Reserves:	\$214,633
Net Operation Income:	\$19,486
Debt Service:	\$16,264
Net Cash Flow	\$3,222
Debt Service Ratio:	1.20 to 1

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 analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations.

Standard Conditions

The Committee may make a Conditional Reservation of American Recovery and Reinvestment Act of 2009 (ARRA), Tax Credit Assistance Program (TCAP) funds for the project sponsor. This Conditional Reservation would not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of environmental review and receipt by the California Tax Credit Allocation Committee of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part §58. The provision of any funds to the project is conditioned on TCAC's determination to proceed with, modify or cancel the project based on the results of a subsequent environmental review and further underwriting.

The project sponsor is prohibited from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair or construction prior to the environmental clearance. A violation of this provision may result in the denial of any funds.

In addition, each project ultimately awarded ARRA TCAP funds will have to comply with all federal requirements, such as Section 504, Davis-Bacon federal labor standards laws, anti-lobbying requirements, lead-based paint rules, and other federal laws.

All ARRA funded projects will be required to track and report on all jobs created or retained as a result of the funds.

Numbers contained in the proposed financing are subject to update and will be refined within 30 days of loan execution agreement.