

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2009 Single Round

September 10, 2009

Project Number CA-2009-109

Project Name Park View Metro

Site Address: 933-937 South Park View Street

Los Angeles, CA 90006

County: Los Angeles

Census Tract: 2095.10

Applicant Information

Applicant: Park View Metro, a California Limited Partnership

Contact: Salim Karimi

Address: 5939 Monterey Road
Los Angeles, CA 90042

Phone: (323) 254-3338

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Email: salim@gotoadi.com

General Partner Type: Joint Venture

Information

Set-Aside: N/A

Housing Type: Large Family

Geographic Area: Los Angeles

Tax Credit Amounts

	Federal/Annual	State/Total
Requested:	\$669,518	\$0
Recommended:	\$669,518	\$0

ARRA Award Amount

Federal Calculated Amount Requested: $(\$669,518 \times 10 \times \$0.12) = \$803,421$

State Calculated Amount Requested: \$0

Total Federal Award Recommended: \$803,421

Total State Award Recommended: \$0

Project Information

Construction Type: New Construction

Federal Subsidy: HOME

Total # of Units: 21

Total # Residential Buildings: 1

Federal Set-Aside Elected: 40%/60%

% & No. of Tax Credit Units: 100% - 20 units

Eligible Basis

Requested: \$7,680,065

Actual: \$7,680,065

Maximum Permitted: \$7,680,065

Adjustments to Threshold Basis Limit:

- Required to Pay Prevailing Wages
- Parking Beneath Residential Units
- 95% of Upper Floor Units are Elevator-Serviced

Selection Criteria	Max. Possible Points	Requested Points	Points Awarded
<i>Cost Efficiency/Credit Reduction/Public Funds</i> Maximum 20 points	20	20	20
<input checked="" type="checkbox"/> Credit Reduction	20	1	1
<input checked="" type="checkbox"/> Public Funds	20	19	19
<i>Owner / Management Characteristics</i> Maximum 9 points	9	9	9
<input checked="" type="checkbox"/> General Partner Experience	6	6	6
<input checked="" type="checkbox"/> Management Experience	3	3	3
<i>Housing Needs</i> Maximum 10 points	10	10	10
<i>Site Amenities</i> Maximum 15 points	15	15	15
<input checked="" type="checkbox"/> Within ¼ mile of transit stop with service every 30 minutes & 25 units/acre density	7	7	7
<input checked="" type="checkbox"/> Within ¼ mile of public park or community center open to general public	3	3	0
<input checked="" type="checkbox"/> Within ½ mile of public park or community center open to general public	2	0	2
<input checked="" type="checkbox"/> Within ¼ mile of public library	3	3	0
<input checked="" type="checkbox"/> Within ¼ mile of a full-scale grocery store w/ staples and fresh meat and fresh produce	4	4	4
<input checked="" type="checkbox"/> Large Family project within ¼ mile of public school that project children may attend	3	3	0
<input checked="" type="checkbox"/> Within ½ mile of medical clinic or hospital	3	3	0
<input checked="" type="checkbox"/> Within ¼ mile of a pharmacy	2	2	2
<i>Service Amenities</i> Maximum 10 points	10	10	10
<input checked="" type="checkbox"/> After school programs of an ongoing nature for school age children	5	5	5
<input checked="" type="checkbox"/> Educational classes (e.g. ESL, Computer training, etc. and aren't same as After School)	5	5	5
<i>Sustainable Building Methods</i> Maximum 8 points	8	8	8
<input checked="" type="checkbox"/> New construction/adaptive reuse increases energy efficiency 10% above Title 24	4	4	4
<input checked="" type="checkbox"/> Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
<input checked="" type="checkbox"/> CRI Green-label, low-VOC carpet and pad	1	1	1
<input checked="" type="checkbox"/> Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
<input checked="" type="checkbox"/> Project is located in a QCT that contributes to a community revitalization plan	1	1	1
<i>Lowest Income</i> Maximum 52 points	52	52	52
<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
<i>Readiness to Proceed</i> Maximum 20 points	20	20	20
<i>State Credit Substitution</i> Maximum 2 points	2	2	2
Total Points	146	146	146

Tie-Breaker Information

First: Housing Type **Large Family**
 Second: Calculated Ratio per Regulation 10325(c)(10) **49.692%**

Unit Type & Number	2009 Rents % of Area Median Income (rounded)	Proposed Rent (including utilities)
2 Four-bedroom Units	30%	\$690
2 Four-bedroom Units	40%	\$920
10 Four-bedroom Units	50%	\$1,150
6 Four-bedroom Units	60%	\$1,380
1 Four-bedroom Unit	Manager's Unit	\$1,284

The general partners or principal owners are Advanced Development & Investment, Inc. (ADI) and The Palms Residential Care Facility.

The project developer is ADI.

The management agent is Barker Management.

The market analyst is Lea & Company.

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

Project Financing

Estimated Total Project Cost: \$9,205,935 Per Unit Cost: \$438,378 Construction Cost Per Sq. Foot: \$238

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wilshire State Bank	\$5,136,606	Wilshire State Bank	\$1,907,000
LAHD – HOME	\$1,808,888	LAHD – HOME	\$1,808,888
Deferred Developer Fees	\$1,001,748	Investor Equity	\$4,686,626
Investor Equity	\$937,325	TCAC ARRA Award	\$803,421
TCAC ARRA Award	\$321,368		
		TOTAL	\$9,205,935

Determination of Credit Amount(s)

Requested Eligible Basis:	\$7,680,065
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis Credit Reduction (25%)	\$2,545,000
Qualified Basis:	\$7,439,085
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$669,518
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,001,748
Investor:	PNC Multifamily Capital
Federal Tax Credit Factor:	\$0.70000

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, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 9.00% of the qualified basis. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information: None.

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 and ARRA funds, in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal Tax Credits/Annual	State Tax Credits/Total
\$669,518	\$0
ARRA/Federal	ARRA/State
\$803,421	\$0

Standard Conditions

An application for a carryover allocation must be submitted by **November 20, 2009**, as required by regulation sections 10328(d) and 10323(d)(2), 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 twelve (12) 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 and allocation fees must be paid by cashier's check within the time periods specified in the 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 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.

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)(6) 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.

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.

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 **February 8, 2010**, 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