

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
September 23, 2009

Project Number CA-2009-846

Project Name Toberman Village
Address: 201 – 218 North Palos Verdes Street
Los Angeles, CA 90731 County: Los Angeles

Applicant Information

Applicant: Vista Alegre, L.P.
Contact Maggie Cervantes
Address: 303 South Loma Drive
Los Angeles, CA 90017
Phone: (213) 483-2060 Fax: (213) 483-7848
Email: mcervantes@neworg.us
Sponsors Type: Nonprofit

Information

Housing Type: Large Family

Bond Information

Issuer: City of Los Angeles Housing Department
Expected Date of Issuance: October 15, 2009
Credit Enhancement: N/A

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$641,003	\$0
Recommended:	\$641,003	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt / HOME
HCD MHP Funding: Yes
Total # of Units: 49
Total # Residential Buildings: 1
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% – 48 units
55-Year Use/Affordability Restriction: Yes

Eligible Basis

Actual: \$14,631,423
Requested: \$14,631,423
Maximum Permitted: \$30,081,287

Adjustments to Threshold Basis Limit:

Required to Pay Prevailing Wages

Parking Beneath Residential Units

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units that are Income Targeted Between 50% AMI & 36% AMI: 31%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units that are Income Targeted at 35% AMI or Below: 70%

3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features

- Projects using a Minimum Efficiency Report Value (MERV) 8 or higher air filter for HVAC systems that introduce outside air
- Projects using CRI Green Label Plus Carpet or no carpet in all bedrooms
- Projects using vent kitchen range hoods to the exterior of the building in at least 80% of the units

<u>Unit Type & Number</u>	<u>2009 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 One-bedroom Unit	30%	\$445
1 One-bedroom Unit	40%	\$594
1 One-bedroom Unit	50%	\$743
1 One-bedroom Unit	51%	\$745
7 Two-bedroom Units	30%	\$535
3 Two-bedroom Units	40%	\$714
3 Two-bedroom Units	47%	\$838
6 Two-bedroom Units	47%	\$838
9 Three-bedroom Units	30%	\$618
3 Three-bedroom Units	40%	\$824
4 Three-bedroom Units	46%	\$932
9 Three-bedroom Units	46%	\$932
1 Two-bedroom Unit	Manager's Unit	\$0

The general partner or principal owner is New Economics for Women.

The project developer is New Economics for Women.

The management services will be provided by New Capital, LLC.

The market analysis was provided by Market Insights.

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Project Financing

Estimated Total Project Cost: \$16,480,694 Per Unit Cost: \$336,341 Construction Cost Per Sq. Foot: \$195

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Nara Bank	\$10,000,000	Nara Bank	\$1,359,441
LAHD – HOME & RDA Setaside	\$4,875,640	LAHD – HOME & RDA Setaside	\$4,875,640
Deferred Developer Fee	\$564,820	HCD – MHP	\$3,950,856
Investor Equity	\$1,040,234	FHLB – AHP	\$480,000
		CRA/LA	\$1,200,000
		Investor Equity	\$4,614,757
		TOTAL	\$16,480,694

Determination of Credit Amount(s)

Requested Eligible Basis:	\$14,631,423
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$19,020,850
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$641,003
Approved Developer Fee (in Project Cost & Eligible Basis):	\$891,500
Investor Consultant:	Hudson Housing Capital
Federal Tax Credit Factor:	\$0.71993

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 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 3.50% 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: None.

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:

Federal Tax Credits/Annual	State Tax Credits/Total
\$641,003	\$0

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.

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.

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: None.

Project Analyst: Jack Waegell