

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 27, 2010

Project Number CA-2010-839

Project Name NoHo Senior Artists Colony
Site Address: 10747 Magnolia Blvd.
North Hollywood, CA 91601 County: Los Angeles
Census Tract: 1253.200

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$308,297	\$0
Recommended:	\$308,297	\$0

Applicant Information

Applicant: NoHo Senior Artists Colony, LP
Contact: John M. Huskey
Address: 1640 South Sepulveda, Ste. 425
Los Angeles, CA 90025
Phone: 310-575-3543 Fax: 310-575-3563
Email: jhuskey@metahousing.com

General partner(s) or principal owner(s): Western Community Housing, Inc.
NoHo Senior Artists Colony, LLC
General Partner Type: Nonprofit
Developer: Meta Housing Corporation
Investor/Consultant: Red Stone Equity Partners, LLC
Management Agent: Western Seniors Housing

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 126
No. & % of Tax Credit Units: 27 21.27%
Federal Set-Aside Elected: 20%/50%
Federal Subsidy: Tax Exempt
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 27

Information

Housing Type: Seniors
Geographic Area: Los Angeles
TCAC Project Analyst: Vélia Martínez

Bond Information

Issuer: CSCDA
 Expected Date of Issuance: December 1, 2010
 Credit Enhancement: RED Capital Group

Unit Mix

92 1-Bedroom Units
34 2-Bedroom Units
 126 Total Units

Unit Type & Number	2010 Rents Targeted % of Area Median Income	2010 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
3 1 Bedroom	40%	40%	\$621
16 1 Bedroom	50%	41%	\$630
2 2 Bedrooms	40%	38%	\$709
6 2 Bedrooms	50%	38%	\$709
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$2,150
73 1 Bedroom	Market Rate	Market Rate	\$1,700
25 2 Bedrooms	Market Rate	Market Rate	\$2,150

Project Financing

Estimated Total Project Cost: \$42,921,705 Construction Cost Per Square Foot: \$105
 Per Unit Cost: \$340,648

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
RED Capital Group	\$22,839,000	RED Capital Group	\$22,839,000
CRA/LA	\$6,600,000	CRA/LA	\$6,600,000
Series B Bonds-Merchant Capital, LLC	\$9,000,000	Series B Bonds-Merchant Capital, LLC	\$8,291,010
Developer Equity	\$1,321,376	Deferred Costs	\$1,465,604
Deferred Developer Fee	\$2,210,063	Developer Equity	\$1,321,376
Tax Credit Equity	\$440,263	Tax Credit Equity	\$2,404,715
		TOTAL	\$42,921,705

Determination of Credit Amount(s)

Requested Eligible Basis: \$32,791,107
 130% High Cost Adjustment: Yes
 Applicable Fraction: 21.27%
 Qualified Basis: \$9,067,554
 Applicable Rate: 3.40%
 Total Maximum Annual Federal Credit: \$308,297
 Approved Developer Fee (in Project Cost & Eligible Basis): \$2,500,000
 Investor/Consultant: Red Stone Equity Partners, LLC
 Federal Tax Credit Factor: \$0.78000

Per Regulation Section 10322(i)(4)(A), The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis	\$32,791,107
Actual Eligible Basis:	\$32,791,107
Unadjusted Threshold Basis Limit:	\$25,846,856
Total Adjusted Threshold Basis Limit:	\$42,971,907

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

Parking Beneath Residential Units

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

- Projects exceeding Title 24 by at least 15%
- Projects using tank less water heaters, a high efficiency condensing boiler (92% AFUE or greater), or a solar thermal domestic hot water pre-heating system
- Projects using vent kitchen range hoods to the exterior of the building in at least 80% of the units

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 21%

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 3.40% 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.

Local Reviewing Agency:

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

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 Tax Credits/Annual
\$308,297

State Tax Credits/Total
\$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 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 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 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.

Additional Conditions: The applicant/owner is required to provide the tenants with educational classes (such as English as a Second Language classes, computer training, etc.), but which are not the same as after school programs, and contracts for services such as assistance with daily living or provision of senior counseling services, free of charge 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.

The applicant/owner is required to complete the following Sustainable Building Methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the placed-in-service application is submitted:

- At least one of the following recycled materials at the designated levels: a) cast-in-place concrete (20% flyash); b) carpet (25%); c) road base, fill or landscape amendments (30%)
- Flow restrictors on kitchen faucets (2 gallons per minute or less) and bathroom faucets (1.5 gallons per minute or less) or b) at least one High Efficiency Toilet (1.3 gallons per flush) or dual flush toilets per unit;
- No VOC interior paint (5 grams per liter or less), Carpet/Rug Institute Green-label, low-VOC carpeting and pad and low-VOC adhesives (25 grams per liter or less), or b) bathroom fans in all bathrooms that exhaust to the outdoors and are equipped with a humidistat sensor or timer
- Material for all cabinets, countertops and shelving that is free of added formaldehyde or fully sealed on all six sides by laminates and/or a low-VOC primer or sealant (150 gram per liter or less); or b) formaldehyde-free insulation
- Design the project to retain, infiltrate and/or treat on-site the first one-half inch of rainfall in a 24-hour period
- Include in the project specifications a Construction Indoor Air Quality Management plan that requires the following: a) protection of construction materials from water damage during construction; b) capping of ducts during construction; c) cleaning of ducts upon completion of construction; and d) for rehabilitation projects, implementation of a dust control plan that prevents particulates from migrating into occupied areas