

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
October 27, 2010**

Project Number CA-2010-840

Project Name Long Beach Senior Artists Colony
Site Address: 200 E. Anaheim Street
Long Beach, CA 90813 County: Los Angeles
Census Tract: 5763.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,930,596	\$0
Recommended:	\$1,930,596	\$0

Applicant Information

Applicant: Long Beach Senior Artists Colony, LP
Contact: Kasey Burke
Address: 1640 S. Sepulveda Blvd., Ste. 425
Los Angeles, CA 90025
Phone: 310-575-3542 Fax: 310-575-3563
Email: kburke@metahousing.com

General partner(s) or principal owner(s): Century Affordable Development, Inc.
Long Beach Senior Artists Colony, LLC
General Partner Type: Joint Venture
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: 161
No. & % of Tax Credit Units: 160 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 35
Number of Units @ or below 60% of area median income: 125

Information

Housing Type: Seniors
 Geographic Area: Los Angeles
 TCAC Project Analyst: Jack Waegell

Bond Information

Issuer: California Statewide Communities Development Authority
 Expected Date of Issuance: December 14, 2010
 Credit Enhancement: N/A

Unit Mix

6 SRO/Studio Units
 99 1-Bedroom Units
56 2-Bedroom Units
 161 Total Units

<u>Unit Type & Number</u>	<u>2010 Rents Targeted % of Area Median Income</u>	<u>2010 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
6 SRO/Studio	50%	50%	\$725
3 1 Bedroom	40%	40%	\$621
14 1 Bedroom	50%	41%	\$630
81 1 Bedroom	60%	60%	\$932
3 2 Bedrooms	40%	38%	\$709
9 2 Bedrooms	50%	38%	\$709
44 2 Bedrooms	60%	60%	\$1,119
1 1 Bedroom	Manager's Unit	Manager's Unit	\$1,552

Project Financing

Estimated Total Project Cost: \$55,633,411 Construction Cost Per Square Foot: \$147
 Per Unit Cost: \$345,549

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citi Community Capital	\$29,000,000	CCRC	\$11,001,480
Long Beach Housing Development Corp.	\$8,236,000	Long Beach Housing Dev. Corp.	\$8,236,000
HCD - Transit Oriented Development	\$2,268,486	HCD - TOD	\$2,268,486
HCD - Infill Infrastructure Grant	\$13,096,572	HCD - Infill Infrastructure Grant	\$13,096,572
Deferred Reserves and Costs	\$532,353	HCD - TOD Rental Loan	\$3,959,403
Deferred Developer Fee	\$2,500,000	Deferred Fees and Costs	\$2,012,823
		Tax Credit Equity	\$15,058,647
		TOTAL	\$55,633,411

Determination of Credit Amount(s)

Requested Eligible Basis:	\$45,756,939
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$59,484,021
Applicable Rate:	3.40%
Total Maximum Annual Federal Credit:	\$1,930,596
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:	\$45,756,939
Actual Eligible Basis:	\$45,756,939
Unadjusted Threshold Basis Limit:	\$33,375,086
Total Adjusted Threshold Basis Limit:	\$54,808,770

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 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

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 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 3.40% 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: TCAC regulations require 1 manager's unit for every 80 units. This project has 160 tax credit units, but only 1 manager's unit on site. However, this project will have access to another manager/manager's unit in the developer's adjacent 9% senior project, Long Beach and Anaheim, CA-2010-249, thereby meeting the TCAC requirement.

Local Reviewing Agency:

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.

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	State Tax Credits/Total
\$1,930,596	\$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 and contracts for 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: 1) exceed Title 24 Energy Standards by at least 10%; 2) install either flow restrictors on kitchen faucets (2 gallons per minute or less) and bathroom faucets (1.5 gallons per minute or less) or install at least one high-efficiency toilet (1.3 gallons or less per flush) or dual flush toilets per unit; 3) install either material in 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 grams per liter or less) or formaldehyde-free insulation; and 4) the project will contain nonsmoking buildings or sections of buildings. Nonsmoking sections must consist of at least half of the units within the building, and those units must be contiguous.