

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
February 2, 2011
REVISED

Project Number CA-2011-802

Project Name NoHo Senior Villas
Site Address: 5525-5539 1/2 Klump Ave.
Los Angeles, CA 91601 County: Los Angeles
Census Tract: 1253.100

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$601,455	\$0
Recommended:	\$601,455	\$0

Applicant Information

Applicant: NoHo Senior Villas, L.P.
Contact: Derek M. Skrzynski
Address: 1200 Wilshire Blvd., Suite 520
Los Angeles, CA 90017
Phone: (213) 316-0108 **Fax:** (213) 316-0111
Email: dskrzynski@mhala.org

General partner(s) or principal owner(s): Clifford Beers Housing, Inc.
PATH Ventures
General Partner Type: Nonprofit
Developer: Clifford Beers Housing, Inc.
Investor/Consultant: California Housing Partnership Corporation
Management Agent: The John Stewart Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 49
No. & % of Tax Credit Units: 48 100%
Federal Set-Aside Elected: 40%/60% Test
Federal Subsidy: Tax-Exempt/HOME
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: 13

Information

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

Bond Information

Issuer: Los Angeles Housing Department
 Expected Date of Issuance: 3/31/2011
 Credit Enhancement: N/A

Unit Mix

48 1-Bedroom Units
1 2-Bedroom Units
 49 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>
18 1 Bedroom	50%	25%	\$388
12 1 Bedroom	50%	30%	\$466
5 1 Bedroom	50%	49%	\$756
13 1 Bedroom	60%	50%	\$776
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$17,500,501 Construction Cost Per Square Foot: \$149
 Per Unit Cost: \$357,153

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Tax Exempt Bond Proceeds	\$9,600,000	Mental Health Services Act	\$3,144,900
Mental Health Services Act	\$3,144,900	MHSA Loan Accrued Interest	\$112,400
MHSA Loan Accrued Interest	\$112,400	Governor's Homeless Initiative	\$2,563,290
Los Angeles Housing Department	\$1,347,055	Los Angeles Housing Department	\$5,334,500
LAHD Loan Accrued Interest	\$65,500	LAHD Loan Accrued Interest	\$65,500
FHLB-AHP	\$500,000	FHLB-AHP	\$500,000
Deferred Costs	\$1,893,046	GHI Capitalized Rent Subsidy Reserve	\$135,000
GP Equity	\$100	Deferred Developer Fee	\$1,007,600
Tax Credit Equity	\$837,500	GP Equity	\$100
		Tax Credit Equity	\$4,637,211
		TOTAL	\$17,500,501

Determination of Credit Amount(s)

Requested Eligible Basis: \$13,607,590
 130% High Cost Adjustment: Yes
 Applicable Fraction: 100.00%
 Qualified Basis: \$17,689,867
 Applicable Rate: 3.40%
 Total Maximum Annual Federal Credit: \$601,455
 Approved Developer Fee (in Project Cost & Eligible Basis): \$1,859,100
 Investor/Consultant: California Housing Partnership Corporation
 Federal Tax Credit Factor: \$0.77100

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:	\$13,607,590
Actual Eligible Basis:	\$14,266,690
Unadjusted Threshold Basis Limit:	\$9,561,664
Total Adjusted Threshold Basis Limit:	\$19,983,877

Adjustments to Basis Limit:

Required to Pay Prevailing Wages
Parking Beneath Residential Units
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: 72%

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: None.

Local Reviewing Agency:

The Local Reviewing Agency, Los Angeles Housing Department, has completed a site review of this project and strongly 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	State Tax Credits/Total
\$601,455	\$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 a bona fide service coordinator/social worker 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: Energy Efficiency Certification (LEED).