

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
October 19, 2011**

**Project Number** CA-2011-903

**Project Name** San Fernando Community Housing  
Site Address: 131 Park Avenue  
San Fernando, CA 91340 County: Los Angeles  
Census Tract: 3202.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$513,910	\$0
Recommended:	\$513,910	\$0

**Applicant Information**

Applicant: San Fernando Community Housing, LP  
Contact: Abe Brody  
Address: 601 S. Brand Blvd.  
San Fernando, CA 91340  
Phone: 818-270-9070 Fax: 818-270-9071  
Email: abe@askenazy.com

General partner(s) or principal owner(s): San Fernando SMHC, LLC  
Brookmore Apartment Corporation  
General Partner Type: Joint Venture  
Developer: Aszkenazy Development, Inc.  
Investor/Consultant: Alliant Capital, Ltd.  
Management Agent: Aszkenazy Development, Inc.

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 62  
No. & % of Tax Credit Units: 61 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt / HOME  
HCD MHP Funding: No  
55-Year Use/Affordability: Yes  
Number of Units @ or below 35% of area median income: 20  
Number of Units @ or below 50% of area median income: 10  
Number of Units @ or below 60% of area median income: 31

**Bond Information**

Issuer: Housing Authority of the County of Los Angeles  
Expected Date of Issuance: December 2011  
Credit Enhancement: N/A

**Information**

Housing Type: Non-Targeted  
 Geographic Area: Los Angeles County  
 TCAC Project Analyst: Velia M. Greenwood

**Unit Mix**

62 1-Bedroom Units  
62 Total Units

<u>Unit Type &amp; Number</u>	<u>2011 Rents Targeted % of Area Median Income</u>	<u>2011 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
20 1 Bedroom	30%	30%	\$480
10 1 Bedroom	50%	50%	\$801
31 1 Bedroom	60%	60%	\$961
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost:	\$14,302,451	<b>Residential</b>	
Estimated Residential Project Cost:	\$14,302,451	Construction Cost Per Square Foot:	\$95
		Per Unit Cost:	\$230,685

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citi Community Capital	\$9,000,000	Citi Community Capital - Tranche A	\$2,011,643
HOME	\$2,035,431	Citi Community Capital - Tranche B	\$1,125,783
LACDC - Homeless Prevention	\$369,155	HOME	\$4,200,000
Seller Loan	\$1,374,387	LACDC - Homeless Prevention	\$369,155
Deferred Costs	\$183,774	Seller Loan	\$1,374,387
Deferred Developer Fee	\$881,097	Deferred Developer Fee	\$482,930
Tax Credit Equity	\$458,609	Tax Credit Equity	\$4,738,553
		<b>TOTAL</b>	<b>\$14,302,451</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$11,626,923
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$15,115,000
Applicable Rate:	3.40%
Total Maximum Annual Federal Credit:	\$513,910
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,490,930
Investor/Consultant:	Alliant Capital, Ltd.
Federal Tax Credit Factor:	\$0.92206

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:	\$11,626,923
Actual Eligible Basis:	\$11,626,923
Unadjusted Threshold Basis Limit:	\$12,047,716
Total Adjusted Threshold Basis Limit:	\$26,143,544

**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: 16%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 64%

**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. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

**Special Issues/Other Significant Information:** None.

**Local Reviewing Agency:**

The Local Reviewing Agency, City of San Fernando, 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$513,910</b>	<b>\$0</b>

**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:** None.