CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 10, 2012

Project Number	CA-12-877		
Project Name	E. Victor Villa Apartments		
Site Address:	555 W. 92nd Street		
	Los Angeles, CA 90044	County:	Los Angeles
Census Tract:	2403.000		

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$200,920	$0
Recommended:	$200,920	$0

Applicant Information

Applicant:	EVV Associates, LP		
Contact:	Courtney D. Allen		
Address:	10390 Santa Monica Blvd. Ste. 400		
	Los Angeles, CA 90025		
Phone:	619-794-2200	Fax:	619-794-2202
Email:	court@treadstonecos.com		

General partner(s) or principal owner(s):	AHS EVV, LLC (Managing General Partner)
	EVV Partner, Inc. (Administrative General Partner)
General Partner Type:	Joint Venture
Developer:	Blackbriar Development, LLC
Investor/Consultant:	City Real Estate Advisors, Inc.
Management Agent:	EMP III, Inc. d/b/a Alpha Property Management

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	1
Total # of Units:	46
No. & % of Tax Credit Units:	45 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Contract (42 Units / 91%)
HCD MHP Funding:	No
55-Year Use/Affordability:	Yes
Number of Units @ or below 50% of area median income:	13
Number of Units @ or below 60% of area median income:	32

Bond Information

Issuer:	City of Los Angeles Housing Department
Expected Date of Issuance:	December 26, 2012
Credit Enhancement:	N/A

Information

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

Unit Mix

29	SRO/Studio Units
17	1-Bedroom Units
46	Total Units

Unit Type & Number		2012 Rents Targeted % of Area Median Income	2012 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
8	SRO/Studio	50%	50%	$738
20	SRO/Studio	60%	60%	$886
4	1 Bedroom	50%	50%	$791
10	1 Bedroom	60%	60%	$949
1	SRO/Studio	50%	45%	$662
2	1 Bedroom	60%	49%	$771
1	1 Bedroom	Manager's Unit	Manager's Unit	$771

Project Financing		**Residential**	
Estimated Total Project Cost:	$6,908,240	Construction Cost Per Square Foot:	$59
Estimated Residential Project Cost:	$6,908,240	Per Unit Cost:	$150,179

Construction Financing

Source	Amount
Citibank	$3,900,000
Seller Financing	$1,500,000
Income During Rehabilitation	$177,904
Deferred Developer Fee	$184,336
Tax Credit Equity	$1,146,000

Permanent Financing

Source	Amount
Citibank	$3,080,000
Seller Financing	$1,500,000
Income During Rehabilitation	$177,904
Deferred Developer Fee	$184,336
Tax Credit Equity	$1,966,000
TOTAL	**$6,908,240**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$2,405,285
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$3,243,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$3,126,870
Applicable Rate:	3.20%
Qualified Basis (Acquisition):	$3,243,000
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	$97,144
Maximum Annual Federal Credit, Acquisition:	$103,776
Total Maximum Annual Federal Credit:	$200,920
Approved Developer Fee in Project Cost:	$861,043
Approved Developer Fee in Eligible Basis:	$736,733
Investor/Consultant:	City Real Estate Advisors, Inc.
Federal Tax Credit Factor:	$0.97850

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:	$5,648,285
Actual Eligible Basis:	$5,648,285
Unadjusted Threshold Basis Limit:	$8,749,996
Total Adjusted Threshold Basis Limit:	$11,199,995

Adjustments to Basis Limit:

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 28%

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 3.20% 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: This project has a HUD Section 8 project-based 5-year contract for 42 units (91%) through November 2013, at which time the owner intends to renew the contract with HUD.

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
$200,920	**$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 a reservation 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 complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The project is a rehabilitation project not subject to Title 24, that reduces energy use on a per square foot basis by 25% as calculated using a methodology approved by the California Energy Commission.

- The Project will incorporate the following energy efficient item:
  * Photovoltaic (PV) energy generation offsetting at least 50% of the common area load.