

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
November 14, 2012**

Project Number CA-12-902

Project Name Logan's Plaza
Site Address: 2019 E. 122nd Street
Compton ,CA 90222 County: Los Angeles
Census Tract: 5406.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$390,554	\$0
Recommended:	\$390,554	\$0

Applicant Information

Applicant: Logan's Plaza, LLC
Contact: Naima Greffon
Address: 10950 South Central Avenue
Los Angeles CA 90059
Phone: 323-563-5654 Fax: (323) 923-1474
Email: ngreffon@wlcac.com

General partner(s) or principal owner(s): Logans Plaza, LLC
General Partner Type: Nonprofit
Developer: WLCAC at VH, LLC
Investor/Consultant: R4 Capital LLC
Management Agent: Barker Management, Incorporated

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 5
Total # of Units: 61
No. & % of Tax Credit Units: 60 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt/HUD Section 8 project based contract (60 units - 100%)
HCD MHP Funding: No
Utility Allowance: CUAC
55-Year Use/Affordability: Yes
Number of Units @ or below 35% of area median income: 1
Number of Units @ or below 50% of area median income: 20
Number of Units @ or below 60% of area median income: 39

Bond Information

Issuer: California Housing Finance Agency
 Expected Date of Issuance: December 12, 2012
 Credit Enhancement: N/A

Information

Housing Type: Seniors
 Geographic Area: Los Angeles County
 TCAC Project Analyst: Marisol Parks

Unit Mix

1 SRO/Studio Units
 56 1-Bedroom Units
 4 2-Bedroom Units

 61 Total Units

<u>Unit Type & Number</u>	<u>2012 Rents Targeted % of Area Median Income</u>	<u>2012 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 SRO/Studio	35%	35%	\$513
11 1 Bedroom	50%	50%	\$791
1 2 Bedrooms	50%	50%	\$948
8 1 Bedroom	50%	50%	\$791
37 1 Bedroom	60%	51%	\$806
2 2 Bedrooms	60%	58%	\$1,108
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$12,942,587
 Estimated Residential Project Cost: \$12,942,587

Residential

Construction Cost Per Square Foot: \$62
 Per Unit Cost: \$212,174

Construction Financing

<u>Source</u>	<u>Amount</u>
CalHFA NIBP Bond Loan	\$6,500,000
Seller Note	\$4,130,000
Capitalized Reserves	\$300,000
Project NOI during construction	\$295,602
Tax Credit Equity	\$2,315,984

Permanent Financing

<u>Source</u>	<u>Amount</u>
CalHFA NIBP Loan	\$4,523,000
Seller Note	\$3,531,000
Capitalized Reserves	\$300,000
Project NOI during construction	\$295,602
Deferred Developer Fee	\$387,444
Tax Credit Equity	\$3,905,541
TOTAL	\$12,942,587

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$4,876,782
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$5,865,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$6,339,817
Applicable Rate:	3.20%
Qualified Basis (Acquisition):	\$5,865,000
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$202,874
Maximum Annual Federal Credit, Acquisition:	\$187,680
Total Maximum Annual Federal Credit:	\$390,554
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,401,102
Investor/Consultant:	R4 Capital LLC
Federal Tax Credit Factor:	\$1.00000

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:	\$10,741,782
Actual Eligible Basis:	\$10,741,782
Unadjusted Threshold Basis Limit:	\$12,806,230
Total Adjusted Threshold Basis Limit	\$17,288,411

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: 33%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 2%

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 3.20% 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: None

Local Reviewing Agency:

The Local Reviewing Agency, County of Los Angeles-Community Development Commission, has completed a site review of this project and hold no position to 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
\$390,554	\$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 provide the tenants with the following service amenities 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:

- Educational classes

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 will implement the following sustainable building management practices:
 - * Develop a project-specific maintenance manual including replacement specifications and operating information of all energy and green building features
 - * Certify building management staff in sustainable building operations per Building Performance Institute Multifamily Building Operator or equivalent training program
 - * Undertake formal building systems commissioning, retro-commissioning, or re-commissioning as appropriate (continuous commissioning is not required)