

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
March 13, 2013

Project Number CA-13-806

Project Name Grand Plaza Senior Apartments
Site Address: 601 N. Grand Avenue
Los Angeles, CA 90012 County: Los Angeles
Census Tract: 2071.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,073,633	\$0
Recommended:	\$1,073,633	\$0

Applicant Information

Applicant: Grand Plaza Seniors, LP
Contact: Pamela Mikus
Address: 155 N. Riverview Drive, Suite 119
Anaheim Hills, CA 92808
Phone: (714) 769-9047 Fax: (714) 276-6549
Email: mikusp@richmancapital.com

General partner(s) or principal owner(s): Grand Plaza Seniors GP, LLC
Central Valley Coalition for Affordable Housing
General Partner Type: Joint Venture
Developer: TRG Pacific Development, LLC
Investor/Consultant: The Richman Group Affordable Housing Corporation
Management Agent: Richman Property Services, Inc.

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 5
Total # of Units: 302
No. & % of Tax Credit Units: 299 100%
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: 48
Number of Units @ or below 60% of area median income: 251

Bond Information

Issuer: City of Los Angeles Housing Department
 Expected Date of Issuance: July 1, 2013
 Credit Enhancement: HUD 221(d)(4)

Information

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

Unit Mix

88 SRO/Studio Units
 189 1-Bedroom Units
 25 2-Bedroom Units

 302 Total Units

Unit Type & Number	2012 Rents Targeted % of Area Median Income	2012 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
14 SRO/Studio	50%	42%	\$615
72 SRO/Studio	60%	60%	\$886
30 1 Bedroom	50%	42%	\$659
159 1 Bedroom	60%	60%	\$949
4 2 Bedrooms	50%	42%	\$790
20 2 Bedrooms	60%	60%	\$1,138
2 SRO/Studio	Manager's Unit	Manager's Unit	\$857
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$1,086

Project Financing

Estimated Total Project Cost: \$38,371,122
 Estimated Residential Project Cost: \$38,371,122

Residential

Construction Cost Per Square Foot: \$29
 Per Unit Cost: \$127,057

Construction Financing

Source	Amount
Richmac Funding, LLC	\$26,711,280
Interim Income	\$1,027,058
CDLAC Performance Deposit Return	\$100,000
Deferred Developer Fee	\$1,616,632
Tax Credit Equity	\$8,916,152

Permanent Financing

Source	Amount
Richmac Funding, LLC	\$26,711,280
Interim Income	\$1,027,058
CDLAC Performance Deposit Return	\$100,000
Deferred Developer Fee	\$11,181
Tax Credit Equity	\$10,521,603
TOTAL	\$38,371,122

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$9,760,141
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$21,126,938
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$12,688,183
Qualified Basis (Acquisition):	\$21,126,938
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$397,571
Maximum Annual Federal Credit, Acquisition:	\$676,062
Total Maximum Annual Federal Credit:	\$1,073,633
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor:	The Richman Group Affordable Housing Corporation
Federal Tax Credit Factor:	\$0.98000

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:	\$30,887,079
Actual Eligible Basis:	\$30,887,079
Unadjusted Threshold Basis Limit:	\$61,336,342
Total Adjusted Threshold Basis Limit:	\$77,283,791

Adjustments to Basis Limit:

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%

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 are below the minimum operating expenses established in the Regulations as allowed by regulation section 10327(g)(1), 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 originally received tax credits in 1989 as CA-89-243 under a 15-year affordability restriction that has since expired.

The project's estimated operating expenses at \$4,029 are 15% below the TCAC operating expense minimum of \$4,400 per unit as permitted under regulation section 10327(g)(1) on concurrence by the equity investor and the permanent lender.

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
\$1,073,633	\$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: None.