CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 15, 2013

Project Number CA-13-830

Project Name Hazeltine & Wyandotte Apartments

Site Address: 7250 Hazeltine Avenue & 14630 Wyandotte Avenue
Van Nuys, CA 91405 County: Los Angeles

Census Tract: 1272.20 & 1271.04

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$539,266	$0
Recommended:	$539,266	$0

Applicant Information

Applicant: Hazeltine & Wyandotte, LP
Contact: Amanda Johnson
Address: 6265 Variel Avenue
Woodland Hills, CA 91367
Phone: 818-789-5550 Fax: 818-827-1719
Email: amanda@qgre.com

General partner(s) or principal owner(s): Housing Corporation of America, Inc.
InSite Development, LLC
General Partner Type: Joint Venture
Developer: InSite Development, LLC
Investor/Consultant: PNC Capital
Management Agent: Ironwood Management

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 2
Total # of Units: 108
No. & % of Tax Credit Units: 106 100.00%
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: 45
Number of Units @ or below 60% of area median income: 61

Bond Information

Issuer:	City of Los Angeles Housing Department
Expected Date of Issuance:	August 15, 2013
Credit Enhancement:	PNC Capital - HUD/FHA 223(f) Insurance

Information

Housing Type:	Large Family
Geographic Area:	City of Los Angeles
TCAC Project Analyst:	Jack Waegell

Unit Mix

55	2-Bedroom Units
28	3-Bedroom Units
25	4-Bedroom Units
108	Total Units

Unit Type & Number		2013 Rents Targeted % of Area Median Income	2013 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
28	2 Bedrooms	50%	50%	$932
9	3 Bedrooms	50%	50%	$1,076
8	4 Bedrooms	50%	50%	$1,201
25	2 Bedrooms	60%	60%	$1,119
19	3 Bedrooms	60%	60%	$1,292
17	4 Bedrooms	60%	60%	$1,441
2	2 Bedrooms	Manager's Unit	Manager's Unit	$1,064

Project Financing	
Estimated Total Project Cost:	$17,574,281
Estimated Residential Project Cost:	$17,574,281

Residential	
Construction Cost Per Square Foot:	$19
Per Unit Cost:	$162,725

Construction Financing

Source	Amount
PNC Tax Exempt Bonds	$10,381,000
General Partner Equity/Loan	$100
Deferred Developer Fee	$2,073,615
Tax Credit Equity	$4,732,299

Permanent Financing

Source	Amount
PNC Capital - HUD/FHA 223(f)	$10,381,000
General Partner Equity/Loan	$100
Deferred Developer Fee	$2,016,227
Tax Credit Equity	$5,176,954
TOTAL	**$17,574,281**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$3,186,770
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$12,710,944
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$4,142,801
Qualified Basis (Acquisition):	$12,710,944
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	$132,516
Maximum Annual Federal Credit, Acquisition:	$406,750
Total Maximum Annual Federal Credit:	$539,266
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,073,615
Investor/Consultant:	PNC Capital
Federal Tax Credit Factor:	$0.96000

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:	$15,897,714
Actual Eligible Basis:	$15,897,714
Unadjusted Threshold Basis Limit:	$31,268,323
Total Adjusted Threshold Basis Limit:	$44,401,019

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: 42%

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 involves the acquisition and rehabilitation of two 100%-restricted tax credit projects, CA-94-152 Hazeltine Apartments and CA-94-153 Wyandotte Apartments. Hazeltine Apartments is a 35-unit project consisting of 18 two-bedroom units, 10 three-bedroom units, and 7 four-bedroom units. Wyandotte Apartments is a 73-unit project consisting of 37 two-bedroom units, 18 three-bedroom units, and 18 four-bedroom units.

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
$539,266	**$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 at each site, 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:

- After school program on-site
- Instructor-led educational classes, health and wellness or skill-building classes on-site

The applicant/owner is required to complete the following sustainable building methods at each site 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 rehabilitation project commits to including photovoltaic (PV) generation that offsets 50% of common area load (if the combined available roof area of the project structures, including carports, is insufficient for provision of 50% of annual common area electricity use then the project shall have onsite renewable generation based on at least 90% of the available solar accessible roof area).