

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2013 Second Round**  
**September 25, 2013**

**Project Number** CA-13-162

**Project Name** Long Beach & 21st Apartments  
Site Address: 2114 Long Beach Boulevard  
Long Beach, CA 90806 County: Los Angeles  
Census Tract: 5732.020

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,192,699	\$0
Recommended:	\$1,192,699	\$0

**Applicant Information**

Applicant: Long Beach & 21st, LP  
Contact: Chris Maffris  
Address: 1640 S. Sepulveda Blvd, Suite 425  
Los Angeles, CA 90025  
Phone: 310-575-3543 Fax: 310-575-3563  
Email: cmaffris@metahousing.com

General Partner(s) or Principal Owner(s): PATH Ventures  
Long Beach & 21st, LLC  
General Partner Type: Joint Venture  
Parent Company(ies): PATH Ventures  
Meta Housing Corporation  
Developer: Meta Housing Corporation  
Investor/Consultant: Hamilton Investments, LLC  
Management Agent(s): Western Seniors Housing, Inc.

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 41  
No. & % of Tax Credit Units: 40 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: HUD Section 8 Project-based Vouchers (15 Units / 37%)  
Utility Allowance: CUAC  
Average Targeted Affordability of Special Needs/SRO Project Units: 34.63%  
Affordability Breakdown by Units and % (Lowest Income Points):  
30% AMI: 16 40 %  
35% AMI: 6 15 %  
50% AMI: 4 10 %

**Information**

Set-Aside: N/A  
 Housing Type: Special Needs (51%) and Seniors (49%)  
 Type of Special Needs: Homeless and Persons with Mental Illness  
 % of Special Need Units: 21 units 51%  
 Geographic Area: Balance of Los Angeles County  
 TCAC Project Analyst: Jack Waegell

**Unit Mix**

33 1-Bedroom Units  
 8 2-Bedroom Units  


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 41 Total Units

<u>Unit Type &amp; Number</u>	<u>2013 Rents Targeted % of Area Median Income</u>	<u>2013 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
21 1 Bedroom	15%	15%	\$233
4 1 Bedroom	50%	50%	\$776
8 1 Bedroom	60%	58%	\$900
1 2 Bedrooms	30%	30%	\$559
6 2 Bedrooms	60%	58%	\$1,081
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$15,081,004  
 Estimated Residential Project Cost: \$15,081,004

**Residential**

Construction Cost Per Square Foot: \$231  
 Per Unit Cost: \$367,829

**Construction Financing**

<u>Source</u>	<u>Amount</u>
Wells Fargo Bank Construction Loan	\$9,575,000
CalHFA MHSA Housing Program	\$1,572,450
CalHFA MOESR	\$325,000
AHP	\$400,000
Deferred Costs	\$775,448
Tax Credit Equity	\$2,433,106

**Permanent Financing**

<u>Source</u>	<u>Amount</u>
CCRC	\$566,595
CalHFA MHSA	\$1,572,450
CalHFA MOESR	\$325,000
AHP	\$400,000
Deferred Developer Fee	\$51,432
Tax Credit Equity	\$12,165,527
<b>TOTAL</b>	<b>\$15,081,004</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$10,730,533
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis Credit Reduction (5%)	\$697,485
Qualified Basis:	\$13,252,208
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,192,699
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,200,000
Investor/Consultant:	Hamilton Investments, LLC
Federal Tax Credit Factor:	\$1.02000

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:	\$10,730,533
Actual Eligible Basis:	\$10,942,048
Unadjusted Threshold Basis Limit:	\$7,693,670
Total Adjusted Threshold Basis Limit:	\$10,980,996

**Adjustments to Basis Limit:**

- Required to Pay Prevailing Wages
- Parking Beneath Residential Units
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First:	<b>Special Needs</b>
Second:	<b>27.521%</b>

**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 9.00%. 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:** The project's 21 MHSAs special needs units for seniors will be subsidized with an MHSAs Operating Expense Subsidy Reserve (MOESR) for 6 units and a HUD Section 8 project-based voucher contract for 15 units. The MOESR subsidy is to be used beginning in year 11 subject to the expiration of the 10-year Section 8 contract. If the Section 8 subsidy continues beyond year 10, or another subsidy is obtained, the MOESR subsidy may be reduced. The other 19 affordable units will be available for non-special needs seniors.

**Legal Status:** Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

**Local Reviewing Agency:**

The Local Reviewing Agency, the City of Long Beach, 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>\$1,192,699</b>	<b>\$0</b>

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation, any Readiness to Proceed Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

**Additional Conditions:** None.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Credit Reduction	20	5	5
Public Funds	20	15	15
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ¼ mile of public park or community center open to general public	3	3	3
Within ¼ mile of public library	3	3	3
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within ¼ mile of a neighborhood market of at least 5,000 sf	4	4	0
Within 1 mile of medical clinic or hospital	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>SPECIAL NEEDS HOUSING TYPE</b>			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, minimum 84 hrs/yr instruction	5	5	5
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>NEW CONSTRUCTION</b>			
Develop project in accordance w/ requirements of: LEED	5	5	5
Develop project to requirements of: LEED Silver	3	3	3
Energy efficiency beyond CA Building Code Title 24 requirements: 17.5%	3	3	3
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Qualified Census Tract	2	2	2
<b>Total Points</b>	<b>148</b>	<b>148</b>	<b>148</b>

**Please Note:** If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**