CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
January 29, 2014

Project Number CA-14-803

Project Name The Park Plaza

Site Address:	960 W. 62nd Place		
	Los Angeles, CA 90044	County:	Los Angeles
Census Tract:	2371.010		

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$475,301	$0
Recommended:	$475,301	$0

Applicant Information

Applicant:	Vermont Park Plaza, L.P.		
Contact:	Andrew Gross		
Address:	11812 San Vicente Blvd., Suite 600		
	Los Angeles, CA 90049		
Phone:	310.820.4888	Fax:	310.207.6986
Email:	andrew@tsahousing.com		

General Partner(s) or Principal Owner(s):	TSA Vermont, LLC Coalition for Responsible Community Development
General Partner Type:	Joint Venture
Parent Company(ies):	Thomas Safran & Associates Development Inc. Coalition for Responsible Community Development
Developer:	Thomas Safran & Associates Development Inc.
Investor/Consultant:	Union Bank NA
Management Agent:	Thomas Safran & Associates, Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	1
Total # of Units:	79
No. & % of Tax Credit Units:	78 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / NSP
HCD MHP Funding:	No
55-Year Use/Affordability:	Yes

Number of Units @ or below 50% of area median income: 78

Bond Information

Issuer:	City of Los Angeles
Expected Date of Issuance:	April 14, 2014
Credit Enhancement:	N/A

Information

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

Unit Mix

6	1-Bedroom Units
41	2-Bedroom Units
32	3-Bedroom Units
79	Total Units

Unit Type & Number		2013 Rents Targeted % of Area Median Income	2013 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
6	1 Bedroom	50%	40%	$621
41	2 Bedrooms	50%	40%	$746
31	3 Bedrooms	50%	40%	$862
1	3 Bedrooms	Manager's Unit	Manager's Unit	$0

Project Financing		**Residential**	
Estimated Total Project Cost:	$16,018,981	Construction Cost Per Square Foot:	$51
Estimated Residential Project Cost:	$16,018,981	Per Unit Cost:	$202,772

Construction Financing		**Permanent Financing**	
Source	Amount	Source	Amount
Chase Bank	$7,675,000	CCRC	$2,181,000
LAHD/LAHCID - NSP/Centerline	$5,518,000	LAHD/LAHCID - NSP/Centerline	$2,875,000
LAHD/LAHCID - Land/Building	$1,800,000	LAHD/LAHCID - Land/Building	$5,518,000
Thomas Safran & Assoc. (TSA) - Park Donation	$100,000	TSA - Park Donation	$100,000
Deferred Developer Fee	$829,625	Deferred Developer Fee	$591,975
Tax Credit Equity	$96,356	Tax Credit Equity	$4,753,006
		TOTAL	**$16,018,981**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$6,834,697
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$5,969,535
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$8,885,106
Qualified Basis (Acquisition):	$5,969,535
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	$284,276
Maximum Annual Federal Credit, Acquisition:	$191,025
Total Maximum Annual Federal Credit:	$475,301
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,670,117
Investor/Consultant:	Union Bank NA
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:	$12,804,232
Actual Eligible Basis:	$12,804,232
Unadjusted Threshold Basis Limit:	$21,490,086
Total Adjusted Threshold Basis Limit:	$45,129,181

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: 100%

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 is the re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Plaza Vermont (CA-93-068). Plaza Vermont fell into receivership in 2008 when the original owner, Plaza Vermont Limited Partnership, and its developer/general partner Corridor Economic Development Corporation (CEDC), failed to make the required loan payments. Through a foreclosure sale in 2011 the property reverted to the City of Los Angeles. As part of the foreclosure, the City of Los Angeles managed to keep TCAC's 1993 regulatory agreement in effect.

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
$475,301	**$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:

- After school program on-site, weekdays throughout the school year, for at least 10 hours per week
- Instructor-led educational classes, health and wellness or skill-building classes, on-site for at least 84 hours per year