

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 21, 2014

Project Number CA-14-842

Project Name William Penn Manor
Site Address: 7025 Friends Ave.
Whittier, CA 90602 County: Los Angeles
Census Tract: 5015.040

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$403,585	\$0
Recommended:	\$403,585	\$0

Applicant Information

Applicant: William Penn Manor Housing, LP
Contact: Anthony Yannatta
Address: 11812 San Vicente Blvd. Ste. 600
Los Angeles, CA 90049
Phone: 310-820-4888 Fax: 310-207-6986
Email: anthony@tsahousing.com

General Partner(s) or Principal Owner(s): Housing Corporation of America
General Partner Type: Nonprofit
Parent Company(ies): Housing Corporation of America
Developer: Thomas Safran & Associates Development, Inc.
Investor/Consultant: Wells Fargo Community Lending
Management Agent: Thomas Safran & Associates, Inc.

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 1
Total # of Units: 75
No. & % of Tax Credit Units: 74 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-Based Contract (74 units - 100%)
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 9
Number of Units @ or below 60% of area median income: 65

Bond Information

Issuer: Calif. Municipal Finance Authority
Expected Date of Issuance: June 2, 2014
Credit Enhancement: PNC Bank, NA

Information

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

Unit Mix

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

 75 Total Units

Unit Type & Number	2014 Rents Targeted % of Area Median Income	2014 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
2 SRO/Studio	50%	50%	\$713
7 1 Bedroom	50%	50%	\$764
16 SRO/Studio	60%	60%	\$856
49 1 Bedroom	60%	60%	\$917
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$13,596,443
 Estimated Residential Project Cost: \$13,596,443

Residential

Construction Cost Per Square Foot: \$28
 Per Unit Cost: \$181,286

Construction Financing

Source	Amount
PNC Bank / HUD 221(d)(4)	\$1,719,300
Citibank / Tax-Exempt Bonds	\$6,500,000
City of Whitter/Assumed RDA Loan	\$603,401
NOI During Construction	\$442,163
Deferred Developer Fee	\$729,943
Tax Credit Equity	\$3,601,636

Permanent Financing

Source	Amount
PNC Bank / HUD 221(d)(4)	\$8,219,300
City of Whitter/Assumed RDA Loan	\$603,401
NOI During Construction	\$442,163
Deferred Developer Fee	\$94,360
Tax Credit Equity	\$4,237,219
TOTAL	\$13,596,443

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$2,406,499
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$8,883,012
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$3,128,448
Applicable Rate:	3.36%
Qualified Basis (Acquisition):	\$8,883,012
Applicable Rate:	3.36%
Maximum Annual Federal Credit, Rehabilitation:	\$105,116
Maximum Annual Federal Credit, Acquisition:	\$298,469
Total Maximum Annual Federal Credit:	\$403,585
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,472,545
Investor/Consultant:	Wells Fargo Community Lending
Federal Tax Credit Factor:	\$1.04990

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:	\$11,289,510
Actual Eligible Basis:	\$11,289,510
Unadjusted Threshold Basis Limit:	\$15,888,346
Total Adjusted Threshold Basis Limit:	\$22,561,452

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

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: 12%

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 3.36% 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, the City of Whitter, 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:

Federal Tax Credits/Annual	State Tax Credits/Total
\$403,585	\$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