CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 20, 2014

Project Number	CA-14-876

Project Name	Winnetka Senior Apartments	
Site Address:	20750 Sherman Way	
	Winnetka, CA 91306	County: Los Angeles
Census Tract:	1340.020	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$947,682	$0
Recommended:	$947,682	$0

Applicant Information

Applicant:	Winnetka Senior Apartments, LP		
Contact:	Aaron Mandel		
Address:	1640 S. Sepulveda Blvd., Suite #425		
	Los Angeles, CA 90025		
Phone:	310-575-3543	Fax:	310-575-3563
Email:	amandel@metahousing.com		

General Partner(s) or Principal Owner(s):	Winnetka Senior Apartments, LLC
	PATH Ventures
General Partner Type:	Joint Venture
Parent Company(ies):	Meta Housing Corporation
	PATH Ventures
Developer:	Meta Housing Corporation
Investor/Consultant:	Hamilton Investors, LLC
Management Agent:	The John Stewart Company

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	95
No. & % of Tax Credit Units:	94 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (42% / 40 Units)
HCD MHP Funding:	Yes
55-Year Use/Affordability:	Yes

Number of Units @ or below 35% of area median income: 62
Number of Units @ or below 60% of area median income: 32

Bond Information

Issuer:	City of Los Angeles
Expected Date of Issuance:	October 15, 2014
Credit Enhancement:	N/A

Information

Housing Type:	Special Needs
Geographic Area:	City of Los Angeles
TCAC Project Analyst:	Jack Waegell

Unit Mix

94	1-Bedroom Units
1	2-Bedroom Units
95	Total Units

Unit Type & Number		2014 Rents Targeted % of Area Median Income	2014 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
40	1 Bedroom	15%	15%	$229
22	1 Bedroom	20%	20%	$306
32	1 Bedroom	60%	60%	$915
1	2 Bedrooms	Manager's Unit	Manager's Unit	$1,834

Project Financing	
Estimated Total Project Cost:	$26,791,517
Estimated Residential Project Cost:	$26,791,517

Residential	
Construction Cost Per Square Foot:	$206
Per Unit Cost:	$282,016

Construction Financing

Source	Amount
Citibank	$14,000,000
HCID-LA	$4,400,000
County of LA	$1,500,000
HCD - IIG	$1,750,000
Deferred Fees	$3,119,164
Tax Credit Equity	$2,022,353

Permanent Financing

Source	Amount
Citibank - Permanent Loan	$2,430,505
Citibank - Tranche B Loan	$1,692,578
County of LA	$1,500,000
HCID-LA	$4,400,000
HCD - IIG	$1,750,000
HCD - MHP	$3,785,026
AHP	$940,000
Deferred Developer Fee	$1,100,893
Tax Credit Equity	$9,192,515
TOTAL	**$26,791,517**

Determination of Credit Amount(s)

Requested Eligible Basis:	$21,696,010
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$28,204,813
Applicable Rate:	3.36%
Total Maximum Annual Federal Credit:	$947,682
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,500,000
Investor/Consultant:	Hamilton Investors, LLC
Federal Tax Credit Factor:	$0.97000

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:	$21,696,010
Actual Eligible Basis:	$21,696,010
Unadjusted Threshold Basis Limit:	$20,773,342
Total Adjusted Threshold Basis Limit:	$52,088,655

Adjustments to Basis Limit:

Required to Pay Prevailing Wages
Local Development Impact Fees
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 132%

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: The project has a commitment from the City of Los Angeles for HUD Section 8 project-based vouchers for 40 units (42%) and a rental subsidy from the Los Angeles County Department of Health Services for 22 units (23%).

The 62 units with rental subsidies will serve homeless persons aged 62 and older, with 30 of these units serving chronically homeless persons with special needs.

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**
$947,682	**$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 complete the following sustainable building methods 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 project commits to becoming certified under any one of the following programs:
  Leadership in Energy & Environmental Design (LEED); Green Communities; or the GreenPoint Rated Multifamily Guidelines