CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 12, 2014

Project Number CA-14-892

Project Name Martha Bryant Manor

Site Address:	8300 & 8327 S. Hoover Street		
	Los Angeles, CA 90044	County:	Los Angeles
Census Tract:	2383.200		

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$624,889	$0
Recommended:	$624,889	$0

Applicant Information

Applicant:	Martha Bryant Village II, LP		
Contact:	Mr. Robert Rubin		
Address:	1101 E. Orangewood Ave., STE 200		
	Anaheim, CA 92805		
Phone:	(323) 758-3777	Fax:	(323) 751-2452
Email:	rerubin@faithdome.org		

General Partner(s) or Principal Owner(s):	Greater Bethany Economic Development Corporation
General Partner Type:	Nonprofit
Parent Company(ies):	Greater Bethany Economic Development Corporation
Developer:	VHJS, LLC
Investor/Consultant:	R4 Capital
Management Agent:	Levine Management Group, Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	2
Total # of Units:	77
No. & % of Tax Credit Units:	76 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt
55-Year Use/Affordability:	Yes

Number of Units @ or below 50% of area median income: 26
Number of Units @ or below 60% of area median income: 50

Bond Information

Issuer:	City of Los Angeles
Expected Date of Issuance:	October 31, 2014
Credit Enhancement:	Private Placement

Information

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

Unit Mix

23	1-Bedroom Units
31	2-Bedroom Units
20	3-Bedroom Units
3	4-Bedroom Units
77	Total Units

Unit Type & Number		2014 Rents Targeted % of Area Median Income	2014 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
4	1 Bedroom	50%	42%	$648
5	1 Bedroom	50%	50%	$764
7	1 Bedroom	60%	51%	$778
7	1 Bedroom	60%	60%	$917
4	2 Bedrooms	50%	40%	$729
4	2 Bedrooms	50%	50%	$917
10	2 Bedrooms	60%	48%	$875
12	2 Bedrooms	60%	60%	$1,101
5	3 Bedrooms	50%	38%	$810
3	3 Bedrooms	50%	50%	$1,060
5	3 Bedrooms	60%	46%	$972
7	3 Bedrooms	60%	60%	$1,272
1	4 Bedrooms	50%	37%	$875
2	4 Bedrooms	60%	60%	$1,419
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Financing	
Estimated Total Project Cost:	$19,167,917
Estimated Residential Project Cost:	$19,167,917

Residential	
Construction Cost Per Square Foot:	$51
Per Unit Cost:	$248,934

Construction Financing

Source	Amount
Boston Private Bank Bond Loan	$9,000,000
HCIDLA - Recast CRA/LA Loan	$7,674,300
FHLB - Recast AHP	$255,926
Net Income from Operations	$500,206
Tax Credit Equity	$1,737,485

Permanent Financing

Source	Amount
Boston Private Bank Bond Loan	$4,300,000
HCIDLA - Recast CRA/LA Loan	$7,674,300
FHLB - Recast AHP	$255,926
Net Income from Operations	$500,206
Deferred Developer Fee	$376,062
Tax Credit Equity	$6,061,423
TOTAL	**$19,167,917**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$6,190,443
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$10,550,285
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$8,047,576
Qualified Basis (Acquisition):	$10,550,285
Applicable Rate:	3.36%
Maximum Annual Federal Credit, Rehabilitation:	$270,399
Maximum Annual Federal Credit, Acquisition:	$354,490
Total Maximum Annual Federal Credit:	$624,889
Approved Developer Fee in Project Cost:	$2,178,449
Approved Developer Fee in Eligible Basis:	$2,178,448
Investor/Consultant:	R4 Capital
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:	$16,740,728
Actual Eligible Basis:	$16,740,728
Unadjusted Threshold Basis Limit:	$21,041,528
Total Adjusted Threshold Basis Limit	$28,195,648

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: 34%

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: This project is the resynidication of an existing tax credit project, CA-93-145, which is under a 55-year TCAC extended use agreement. This new reservation of tax credits will result in moderately deeper rent/income targeting than the original award of tax credits by increasing the number of units restricted at 50% AMI from 16 units to 26 units, and extend the affordable housing restrictions out to approximately 2070.

Local Reviewing Agency:

The Local Reviewing Agency, the City of Los Angeles Housing and Community Investment Department, 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
$624,889	**$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 improve energy efficiency above the modeled energy consumption of the building(s) by a 15% decrease, based on an estimated annual energy use, in the buildings Home Energy Rating System II (HERSII) post rehabilitation.