CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 16, 2015

E Victor Villa, located at 555 West 92nd Street in Los Angeles, requested and is being recommended for a reservation of $313,749 in annual federal tax credits to finance the acquisition and rehabilitation of 45 units of housing serving seniors with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Abode Communities and is located in Senate District 30 and Assembly District 64.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

Project Number CA-15-940

Project Name E Victor Villa
Site Address: 555 West 92nd Street
Los Angeles, CA 90044 County: Los Angeles
Census Tract: 2403.000

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$313,749	$0
Recommended:	$313,749	$0

Applicant Information

Applicant:	E. Victor Villa, LP	
Contact:	Holly Benson	
Address:	1149 S Hill St, Suite 700	
	Los Angeles, CA 90015	
Phone:	213-225-2708	Fax: 213-225-2709
Email:	Hbenson@abodecommunities.org	

General Partner(s) or Principal Owner(s):	E Victor Villa GP, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Abode Communities
Developer:	Abode Communities
Investor/Consultant:	California Housing Partnership Corporation
Management Agent:	Abode Communities

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	1
Total # of Units:	46
No. & % of Tax Credit Units:	45 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based contract (42 units - 91%)
HCD MHP Funding:	No
55-Year Use/Affordability:	Yes

Number of Units @ or below 50% of area median income: 14
Number of Units @ or below 60% of area median income: 31

Bond Information

Issuer:	City of Los Angeles HCID
Expected Date of Issuance:	March 16, 2016
Credit Enhancement:	N/A

Information

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

Unit Mix

29	SRO/Studio Units
17	1-Bedroom Units
46	Total Units

Unit Type & Number		2015 Rents Targeted % of Area Median Income	2015 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
9	SRO/Studio	50%	50%	$726
19	SRO/Studio	60%	51%	$743
5	1 Bedroom	50%	50%	$778
9	1 Bedroom	60%	58%	$900
1	SRO/Studio	60%	46%	$662
2	1 Bedroom	60%	50%	$771
1	1 Bedroom	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$4,680,000
Construction Costs	$0
Rehabilitation Costs	$2,432,066
Construction Contingency	$364,810
Relocation	$192,000
Architectural/Engineering	$125,410
Construction Interest, Perm Financing	$652,842
Legal Fees, Appraisals	$183,200
Reserves	$181,000
Other Costs	$334,332
Developer Fee	$1,074,700
Commercial Costs	$0
Total	**$10,220,360**

Project Financing

Estimated Total Project Cost:	$10,220,360
Estimated Residential Project Cost:	$10,220,360

Residential

Construction Cost Per Square Foot:	$102
Per Unit Cost:	$222,182

Construction Financing

Source	Amount
Chase	$7,000,000
E Victor Villa, Inc. - Seller Note	$775,000
Accrued Interest	$25,800
E Victor Villa GP, LLC - Seller Note	$1,380,000
Accrued Interest	$25,900
Deferred Costs	$516,502
Deferred Developer Fee	$313,321
General Partner Equity	$100
Tax Credit Equity	$183,737

Permanent Financing

Source	Amount
Chase	$4,273,000
E Victor Villa, Inc. - Seller Note	$775,000
Accrued Interest	$25,800
E Victor Villa GP, LLC - Seller Note	$1,380,000
Accrued Interest	$25,900
Income During Operations	$232,000
Deferred Developer Fee	$313,321
General Partner Equity	$100
Tax Credit Equity	$3,195,239
TOTAL	**$10,220,360**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$4,225,418
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$4,014,520
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$5,493,043
Qualified Basis (Acquisition):	$4,014,520
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$181,270
Maximum Annual Federal Credit, Acquisition:	$132,479
Total Maximum Annual Federal Credit:	$313,749
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,074,700
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$1.01841

Per Regulation Section 10322(h)(9)(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:	$8,239,938
Actual Eligible Basis:	$8,239,938
Unadjusted Threshold Basis Limit:	$9,812,266
Total Adjusted Threshold Basis Limit:	$13,835,295

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: 31%

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 3.30% 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 proposed rents do not include any utility allowance. The owner will pay for all utilities.

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**
$313,749	**$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 20% decrease, based on an estimated annual energy use, in the buildings Home Energy Rating System II (HERSII) post rehabilitation.