CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
July 20, 2016
REVISED

Viviendas del Valle, a scattered site project in the San Fernando Valley area of Los Angeles located at 13230 Bromont Avenue in the community of Sylmar (Astoria Place), 14045 Oxnard Street in the community of Van Nuys (Oxnard Villa), and 7939 Reseda Boulevard in the community of Reseda (Reseda Village), requested and is being recommended for a reservation of $728,017 in annual federal tax credits to finance the acquisition and rehabilitation of 97 units of housing serving large families with rents affordable to households earning 35-50% of area median income (AMI). The project will be developed by Abode Communities and is located in Senate District Senate Districts 39 (Astoria Place), 46 (Oxnard Villa), and 45 (Reseda Village) and Assembly District 20.

Viviendas del Valle is a re-syndication of 3 existing Low Income Housing Tax Credit (LIHTC) projects, Astoria Place (CA-96-067), Oxnard Villa (CA-95-059), and Reseda Village (CA-95-061). See **Special Issues/Other Significant Information** below for additional re-syndication information.

Project Number CA-16-913

Project Name Viviendas del Valle

	Astoria Place	**Oxnard Villa**
Site Address:	13230 Bromont Avenue Sylmar, CA 91342	14045 Oxnard Street Van Nuys, CA 91401
County:	Los Angeles	Los Angeles
Census Tract:	1064.07	1286.01

	Reseda Village
Site Address:	7939 Reseda Boulevard Reseda, CA 91335
County:	Los Angeles
Census Tract:	1310.1

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$728,017	$0
Recommended:	$728,017	$0

Applicant Information

Applicant:	Viviendas del Valle, L.P.		
Contact:	Karl Lauff		
Address:	1149 S. Hill Street, Suite 700 Los Angeles, CA 90015		
Phone:	213-225-2808	Fax:	213-225-2709
Email:	klauff@abodecommunities.org		

General Partner(s) or Principal Owner(s):	Viviendas del Valle GP, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Abode Communities
Developer:	Abode Communities
Investor/Consultant:	Union Bank
Management Agent:	Abode Communities

Project Information

Construction Type:	Acquisition & Rehabilitation	
Total # Residential Buildings:	9	
Total # of Units:	100	
No. & % of Tax Credit Units:	97	100.00%
Federal Set-Aside Elected:	20%/50%	
Federal Subsidy:	Tax-Exempt	
HCD MHP Funding:	No	
55-Year Use/Affordability:	Yes	

Number of Units @ or below 35% of area median income: 23
Number of Units @ or below 50% of area median income: 74

Bond Information

Issuer:	City of Los Angeles Housing and Community Investment Department
Expected Date of Issuance:	September 20, 2016
Credit Enhancement:	N/A

Information

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

Unit Mix

26	2-Bedroom Units
68	3-Bedroom Units
5	4-Bedroom Units
1	5-Bedroom Unit
100	Total Units

Unit Type & Number		2016 Rents Targeted % of Area Median Income	2016 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
Astoria Place				
4	3 Bedrooms	35%	33%	$738
12	3 Bedrooms	50%	45%	$1,015
1	5 Bedrooms	50%	39%	$1,096
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Unit Type & Number		2016 Rents Targeted % of Area Median Income	2016 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
Oxnard Villa				
4	2 Bedrooms	35%	34%	$673
1	2 Bedrooms	35%	35%	$684
3	3 Bedrooms	35%	35%	$780
1	3 Bedrooms	35%	35%	$790
10	2 Bedrooms	50%	43%	$833
7	3 Bedrooms	50%	46%	$1,031
10	3 Bedrooms	50%	46%	$1,034
3	4 Bedrooms	50%	48%	$1,219
1	2 Bedrooms	Manager's Unit	Manager's Unit	$0
Reseda Village				
3	2 Bedrooms	35%	34%	$671
6	3 Bedrooms	35%	28%	$629
1	4 Bedrooms	35%	34%	$862
7	2 Bedrooms	50%	46%	$890
23	3 Bedrooms	50%	47%	$1,068
1	4 Bedrooms	50%	49%	$1,221
1	3 Bedrooms	Manager's Unit	Manager's Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$9,059,343
Construction Costs	$0
Rehabilitation Costs	$5,601,793
Construction Contingency	$1,027,369
Relocation	$208,000
Architectural/Engineering	$418,188
Const. Interest, Perm. Financing	$1,266,963
Legal Fees, Appraisals	$110,460
Reserves	$679,693
Other Costs	$500,522
Developer Fee	$2,552,400
Commercial Costs	$0
Total	**$21,424,731**

Project Financing	
Estimated Total Project Cost:	$21,424,731
Estimated Residential Project Cost:	$21,424,731
Estimated Commercial Project Cost:	$0

Residential	
Construction Cost Per Square Foot:	$54
Per Unit Cost:	$214,247
True Cash Per Unit Cost*:	$167,112

Construction Financing

Source	Amount
Union Bank - Tax Exempt Bond Loan	$10,700,000
HCID/LA (Assumed - Oxnard)	$1,582,726
HCID/LA (Assumed - Reseda)	$1,241,618
HCID/LA (Assumed - Bromont)	$850,633
Accrued/Deferred Interest	$913,723
Seller Carryback Loan	$3,561,146
Accrued/Deferred Interest	$119,794
Cash Reserves from Seller	$239,878
Costs Deferred Until Completion	$635,200
Deferred Developer Fee	$1,152,400
Tax Credit Equity	$427,613

Permanent Financing

Source	Amount
CCRC - Tax Exempt Bond Loan	$3,659,000
HCID/LA (Assumed - Oxnard)	$1,582,726
HCID/LA (Assumed - Reseda)	$1,241,618
HCID/LA (Assumed - Bromont)	$850,633
Accrued/Deferred Interest	$913,723
Seller Carryback Loan	$3,561,146
Accrued/Deferred Interest	$119,794
Income from Operations	$276,000
Cash Reserves from Seller	$239,878
Deferred Developer Fee	$1,152,400
Tax Credit Equity	$7,827,813
TOTAL	**$21,424,731**

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$9,453,530
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$10,130,843
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$12,289,589
Qualified Basis (Acquisition):	$10,130,843
Applicable Rate:	3.25%
Maximum Annual Federal Credit, Rehabilitation:	$398,765
Maximum Annual Federal Credit, Acquisition:	$329,252
Total Maximum Annual Federal Credit:	$728,017
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,552,400
Investor/Consultant:	Union Bank
Federal Tax Credit Factor:	$1.07522

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:	$19,584,373
Actual Eligible Basis:	$19,584,373
Unadjusted Threshold Basis Limit:	$32,587,728
Total Adjusted Threshold Basis Limit:	$72,344,756

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: 23%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 152%

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 3.25% 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

TCAC approved a partial waiver of the minimum construction standard's Chapter 11(B) accessibility requirements under TCAC Regulation Section 10325(f)(7)(K). Five percent (5%) of the units shall be required to meet the requirements of Chapter 11(B), and an additional five percent (5%) of the units shall meet the requirements of Chapter 11(B) with the exception of requirements that necessitate the movement of walls or other structural modifications.

This project involves the substantial rehabilitation of 3 scattered site existing tax credit projects in the San Fernando Valley area of the City of Los Angeles in the communities of Sylmar, Van Nuys, and Reseda. The Astoria Place project in Sylmar was originally constructed in 1996-1997. The Oxnard Villa project in Van Nuys and the Reseda Village project in Reseda were originally constructed in 1962 and rehabilitated as tax credit projects in 1996-1997.

To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date for each of these 3 existing tax projects both occurred after the existing federal 15 year compliance periods were completed. The initial 15 year compliance periods are from 1/1/1997 through 12/31/2011 for each of these 3 existing tax credit projects. These 3 existing regulatory agreements expire on 12/31/2051. The existing regulatory agreement income targeting for Astoria Place (CA-96-067) is the average income of tenants is at or below 43.8678% of Area Median Income (AMI). The existing regulatory agreement income targeting for Oxnard Villa (CA 95-059) is 16 units at or below 50% AMI and 23 units at or below 60% AMI. The existing regulatory agreement income targeting for Reseda Village (CA-95-061) is 17 units at or below 50% AMI and 24 units at or below 60% AMI.

The project is a resyndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus received a waiver from setting aside a Short Term Work Capitalized Replacement Reserve.

TCAC staff noted existing tenants that may not meet the deeper targeting requirements (23 units at or below 35% AMI and 74 units at or below 50% AMI) being proposed in the application. At the time the placed in service package is submitted to TCAC, if the project still cannot meet the deeper income targeting, then the owner shall designate as the deeply targeted units those units that are occupied by the households not receiving rental assistance who have the lowest incomes as a percentage of AMI. As units become vacant, the owner shall offer each vacant unit at the more deeply targeted levels committed to under the new CDLAC and TCAC reservation until all deeply targeted units are occupied by tenants whose incomes meet the deeper targeting income restrictions. As vacant units are occupied by tenants meeting the deeper targeting income qualifications, the owner may then raise the targeting and rent on a unit occupied by the higher income household.

Local Reviewing Agency

The Local Reviewing Agency, Los Angeles Housing and Community Investment Department, has completed a site review of this project and 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
$728,017	**$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.