CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 16, 2016

Gilbert Lindsay, located at 601-640 W. 40th Place in Los Angeles, requested and is being recommended for a reservation of $1,111,811 in annual federal tax credits to finance the acquisition and rehabilitation of 117 units of housing serving large families with rents affordable to households earning 50-60% AMI of area median income (AMI). The project will be developed by Thomas Safran & Associates Development, Inc. and is located in Senate District 30 and Assembly District 59.

Project Number CA-16-975

Project Name Gilbert Lindsay
Site Address: 601-640 W. 40th Place
Los Angeles, CA 90037 County: Los Angeles
Census Tract: 2317.200

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,111,811	$0
Recommended:	$1,111,811	$0

Applicant Information
Applicant: Gilbert Lindsay 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): Gilbert Lindsay Housing LLC
Housing Corporation of America
General Partner Type: Joint Venture
Parent Company(ies): Thomas Safran & Associates
Developer: Thomas Safran & Associates Development, Inc.
Investor/Consultant: Wells Fargo
Management Agent: Thomas Safran & Associates, Inc.

Project Information
Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 2
Total # of Units: 137
No. & % of Tax Credit Units: 117 86.67%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt
Number of Units @ or below 50% of area median income: 41
Number of Units @ or below 60% of area median income: 76

Bond Information

Issuer:	City of Los Angeles
Expected Date of Issuance:	December 31, 2016
Credit Enhancement:	PNC Bank, N/A - HUD FHA 221(d)(4)

Information

Housing Type:	Large Family
Geographic Area:	City of Los Angeles
TCAC Project Analyst:	Alex Ninh

Unit Mix

21	1-Bedroom Units
80	2-Bedroom Units
32	3-Bedroom Units
3	4-Bedroom Units
1	5-Bedroom Units
137	Total Units

Unit Type & Number		2016 Rents Targeted % of Area Median Income	2016 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
6	1 Bedroom	50%	39%	$632
14	1 Bedroom	60%	55%	$902
24	2 Bedrooms	50%	38%	$749
44	2 Bedrooms	60%	54%	$1,059
8	3 Bedrooms	50%	39%	$882
18	3 Bedrooms	60%	52%	$1,167
2	4 Bedrooms	50%	41%	$1,028
1	5 Bedrooms	50%	40%	$1,111
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0
1	1 Bedroom	Market Rate Unit	Market Rate Unit	$1,275
11	2 Bedrooms	Market Rate Unit	Market Rate Unit	$1,425
5	3 Bedrooms	Market Rate Unit	Market Rate Unit	$1,605
1	4 Bedrooms	Market Rate Unit	Market Rate Unit	$1,725

Project Cost Summary at Application

Land and Acquisition	$25,188,000
Construction Costs	$0
Rehabilitation Costs	$6,730,875
Construction Contingency	$675,410
Relocation	$674,000
Architectural/Engineering	$297,500
Const. Interest, Perm. Financing	$1,768,127
Legal Fees, Appraisals	$195,235
Reserves	$339,242
Other Costs	$579,861
Developer Fee	$4,580,474
Commercial Costs	$0
Total	**$41,028,724**

Project Financing

Estimated Total Project Cost:	$41,028,724
Estimated Residential Project Cost:	$41,028,724
Estimated Commercial Project Cost:	$0

Residential

Construction Cost Per Square Foot:	$50
Per Unit Cost:	$299,480
True Cash Per Unit Cost*:	$277,436

Construction Financing

Source	Amount
Citibank	$12,244,700
Wells Fargo	$9,183,525
HCIDLA	$12,000,000
NOI During Construction	$422,334
Deferred Developer Fee	$4,580,474
Tax Credit Equity	$2,597,691

Permanent Financing

Source	Amount
PNC Bank - HUD FHA 221(d)(4)	$12,244,700
HCIDLA	$12,000,000
NOI During Construction	$422,334
Deferred Developer Fee	$3,019,958
Tax Credit Equity	$13,341,732
TOTAL	**$41,028,724**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$10,544,877
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$26,069,580
Applicable Fraction:	86.01%
Qualified Basis (Rehabilitation):	$11,790,783
Qualified Basis (Acquisition):	$22,422,903
Applicable Rate:	3.25%
Maximum Annual Federal Credit, Rehabilitation:	$383,067
Maximum Annual Federal Credit, Acquisition:	$728,744
Total Maximum Annual Federal Credit:	$1,111,811
Approved Developer Fee (in Project Cost & Eligible Basis):	$4,580,474
Investor/Consultant:	Wells Fargo
Federal Tax Credit Factor:	$1.20000

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:	$36,614,457
Actual Eligible Basis:	$36,614,457
Unadjusted Threshold Basis Limit:	$38,611,564
Total Adjusted Threshold Basis Limit:	$61,778,502

Adjustments to Basis Limit

Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal 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: 30%

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: None.

Local Reviewing Agency

The Local Reviewing Agency, 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**
$1,111,811	**$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.