

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2017 First Round
June 7, 2017
REVISED

Beacon Pointe, located at 1235 Long Beach Boulevard in Long Beach, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$10,999,214 in total state tax credits to finance the new construction of 120 units of housing serving special needs tenants and seniors with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by Century Affordable Development, Inc. and will be located in Senate District 33 and Assembly District 70.

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

Project Number CA-17-008

Project Name Beacon Pointe
 Site Address: 1235 Long Beach Boulevard
 Long Beach, CA 90813 County: Los Angeles
 Census Tract: 5763.010

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,500,000	\$10,999,214
Recommended:	\$2,500,000	\$10,999,214

* The applicant made an irrevocable election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Century Affordable Development, Inc.
 Contact: Oscar Alvarado
 Address: 1000 Corporate Pointe
 Culver City, CA 90230
 Phone: 310-642-2079 Fax: 310-642-2083
 Email: oalvarado@centuryhousing.org

General Partner(s) / Principal Owner(s): Century Affordable Development, Inc.
 General Partner Type: Nonprofit
 Parent Company(ies): Century Housing Corporation
 Developer: Century Affordable Development, Inc.
 Investor/Consultant: California Housing Partnership Corporation
 Management Agent(s): The John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 121
 No. & % of Tax Credit Units: 120 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project-based Vouchers (120 units / 100%)
 Average Targeted Affordability of Special Needs/SRO Project Units: 39.83%
 Affordability Breakdown by Units and % (Lowest Income Points):
 30% AMI: 61 50 %
 50% AMI: 59 40 %

Information

Set-Aside: Nonprofit (homeless assistance)
 Housing Type: Special Needs
 Type of Special Needs: Homeless
 % of Special Need Units: 61 units 51%
 Geographic Area: Balance of Los Angeles County
 TCAC Project Analyst: Jack Waegell

Unit Mix

110 1-Bedroom Units
 11 2-Bedroom Units

 121 Total Units

<u>Unit Type & Number</u>	<u>2016 Rents Targeted % of Area Median Income</u>	<u>2016 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
55 1 Bedroom	30%	30%	\$488
6 2 Bedrooms	30%	30%	\$586
55 1 Bedroom	50%	50%	\$814
4 2 Bedrooms	50%	50%	\$977
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Projected Lifetime Rent Benefit: \$92,813,160

Project Cost Summary at Application

Land and Acquisition	\$11,412,468
Construction Costs	\$34,925,829
Rehabilitation Costs	\$0
Construction Contingency	\$1,756,424
Relocation	\$0
Architectural/Engineering	\$1,245,862
Const. Interest, Perm. Financing	\$2,932,275
Legal Fees, Appraisals	\$147,804
Reserves	\$323,439
Other Costs	\$3,636,315
Developer Fee	\$1,711,336
Commercial Costs	\$848,183
Total	\$58,939,935

Project Financing

Estimated Total Project Cost:	\$58,939,935
Estimated Residential Project Cost:	\$58,066,695
Estimated Commercial Project Cost:	\$873,240

Residential

Construction Cost Per Square Foot:	\$304
Per Unit Cost:	\$479,890
True Cash Per Unit Cost*:	\$473,153

Construction Financing

Source	Amount
Wells Fargo Bank	\$33,069,938
City of Long Beach - Impact Fee Waivers	\$672,360
City of Long Beach - LBCIC Loan	\$12,276,000
Century Housing Corporation	\$3,281,669
AHP	\$1,500,000
General Partner Equity	\$100
Costs Deferred Until Completion	\$1,181,978
Deferred Developer Fee	\$142,890
Tax Credit Equity	\$6,815,000

Permanent Financing

Source	Amount
Wells Fargo Bank - Tranche B	\$6,616,000
City of Long Beach - Impact Fee Waivers	\$672,360
City of Long Beach - LBCIC Loan	\$12,276,000
Century Housing Corporation	\$3,281,669
AHP	\$1,500,000
General Partner Equity	\$100
Deferred Developer Fee	\$142,890
Tax Credit Equity	\$34,450,916
TOTAL	\$58,939,935

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$36,664,046
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$47,663,260
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$10,999,214
Approved Developer Fee in Project Cost:	\$1,711,336
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$1.02606
State Tax Credit Factor:	\$0.80000

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:	\$36,664,046
Actual Eligible Basis:	\$44,807,809
Unadjusted Threshold Basis Limit:	\$25,833,610
Total Adjusted Threshold Basis Limit:	\$36,664,046

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

Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Install bamboo, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all kitchens, living rooms, and bathrooms where no VOC adhesives or backing is used
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all common areas

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Special Needs
Final:	58.915%

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 9.0% 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 will provide affordable housing to homeless seniors (61 units) and low-income seniors (59 units) on a site that was once part of the Long Beach Naval Shipyards.

Legal Status

Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

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
\$2,500,000	\$10,999,214

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Additional Conditions: None.

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Special Needs project within ½ mile of facility serving tenant pop.	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
SPECIAL NEEDS HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Health/behavioral services provided by licensed org. or individual	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION			
Develop project in accordance w/ requirements of: LEED	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	15	15	15
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	138	138	138

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.