

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2015 First Round**  
**June 10, 2015**

**Project Number** CA-15-067

**Project Name** Dudley Street Senior Apartments  
 Site Address: 600 S. Dudley Street  
 Pomona, CA 91766 County: Los Angeles  
 Census Tract: 4025.010

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,349,474	\$0
Recommended:	\$1,349,474	\$0

**Applicant Information**

Applicant: Affordable Housing Alliance II, Inc., dba Integrity Housing  
 Contact: Angela Ponce  
 Address: 4 Venture, Suite 295  
 Irvine, CA 92618  
 Phone: (949) 727-3656 Fax: (940) 727-3654  
 Email: angela@integrityhousing.org

General Partner(s) / Principal Owner(s): Affordable Housing Alliance II, Inc., dba Integrity Housing  
 Mayans Development, Inc.

General Partner Type: Joint Venture  
 Parent Company(ies): Affordable Housing Alliance II, Inc.  
 Mayans Development, Inc.

Developer: Affordable Housing Alliance II, Inc.  
 Investor/Consultant: Boston Financial Investment Management  
 Management Agent(s): FPI Management, Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 84  
 No. & % of Tax Credit Units: 83 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: None  
 Utility Allowance: CUAC  
 Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	9	10 %
40% AMI:	17	20 %
50% AMI:	34	40 %

**Information**

Set-Aside: N/A  
 Housing Type: Seniors  
 Geographic Area: Balance of Los Angeles County  
 TCAC Project Analyst: Jack Waegell

**Unit Mix**

69 1-Bedroom Units  
 15 2-Bedroom Units  


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 84 Total Units

<u>Unit Type &amp; Number</u>	<u>2014 Rents Targeted % of Area Median Income</u>	<u>2014 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
7 1 Bedroom	30%	30%	\$458
14 1 Bedroom	40%	40%	\$611
28 1 Bedroom	50%	50%	\$764
20 1 Bedroom	60%	60%	\$917
2 2 Bedrooms	30%	30%	\$550
3 2 Bedrooms	40%	40%	\$734
6 2 Bedrooms	50%	50%	\$917
3 2 Bedrooms	60%	60%	\$1,101
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$1,044

**Project Cost Summary at Application**

Land and Acquisition	\$2,061,585
Construction Costs	\$10,525,914
Rehabilitation Costs	\$0
Construction Contingency	\$1,052,591
Relocation	\$0
Architectural/Engineering	\$575,000
Construction Interest, Perm Financing	\$753,160
Legal Fees, Appraisals	\$165,000
Reserves	\$428,596
Other Costs	\$2,460,120
Developer Fee	\$1,400,000
Commercial Costs	\$0
<b>Total</b>	<b>\$19,421,966</b>

**Project Financing**

Estimated Total Project Cost:	\$19,421,966
Estimated Residential Project Cost:	\$19,421,966

**Residential**

Construction Cost Per Square Foot:	\$167
Per Unit Cost:	\$231,214

**Construction Financing**

Source	Amount
East West Bank	\$13,035,974
Seller Carryback Loan	\$1,070,000
Deferred Costs	\$611,151
Tax Credit Equity	\$4,704,841

**Permanent Financing**

Source	Amount
FHA 221(d)(4) Loan	\$3,860,000
Seller Carryback Loan	\$1,070,000
AHP - EastWest Bank	\$830,000
Deferred Developer Fee	\$167,228
Tax Credit Equity	\$13,494,738
<b>TOTAL</b>	<b>\$19,421,966</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$14,514,826
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis Credit Reduction (7%)	\$1,320,850
Qualified Basis:	\$17,548,424
Applicable Rate:	7.69%
Total Maximum Annual Federal Credit:	\$1,349,474
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	Boston Financial Investment Management
Federal Tax Credit Factor:	\$1.00000

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:	\$14,514,826
Actual Eligible Basis:	\$16,739,346
Unadjusted Threshold Basis Limit:	\$17,154,930
Total Adjusted Threshold Basis Limit:	\$19,425,427

**Adjustments to Basis Limit:**

Local Development Impact Fees  
95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First:	<b>Seniors</b>
Second:	<b>8.257%</b>

**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 meet 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 7.69% 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.

**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, the City of Pomona, 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$1,349,474</b>	<b>\$0</b>

**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 ten 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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Cost Efficiency	20	13	13
Credit Reduction	20	7	7
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	2	2	2
Within ¼ mile of a neighborhood market of at least 5,000 sf	4	4	4
In-unit high speed internet service	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
SENIOR HOUSING TYPE			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, minimum 60 hrs/yr instruction	5	5	5
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
NEW CONSTRUCTION			
Develop project in accordance w/ requirements of: GreenPoint Rated Program	5	5	5
Develop project to requirements of: Gold	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>148</b>	<b>148</b>	<b>148</b>

**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.**