

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2010 First Round

June 9, 2010

Project Number CA-2010-064

Project Name Juanita Villas
Site Address: 335 & 337 N. Juanita Avenue
Los Angeles, CA 90004 County: Los Angeles
Census Tract: 1927.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$651,751	\$0
Recommended:	\$651,751	\$0

Applicant Information

Applicant: Juanita SRO Housing Partners, L.P.
Contact: Frank Cardone
Address: 18201 Von Karman Avenue, Suite 900
Irvine, CA 92612
Phone: (949) 660-7272 Fax: (949) 660-7273
Email: fcardone@related.com

General partner(s) or principal owner(s): Related/Juanita SRO Development Co., LLC
PATH Ventures
General Partner Type: Joint Venture
Developer: Related Development Company of California
Investor/Consultant: Raymond James Tax Credit Funds, Inc.
Management Agent: The John Stewart Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 49
No. & % of Tax Credit Units: 48 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HOME / HUD Shelter Plus Care (25 units - 52%) / HOPWA
Average Affordability of Special Needs/SRO Project Units: 32.52%
Affordability Breakdown by % (Lowest Income Points):
30% AMI: 50 %
40% AMI: 35 %
50% AMI: 10 %

Information

Set-Aside: SRO-Single Room Occupancy
Housing Type: Single Room Occupancy
Geographic Area: Los Angeles County
TCAC Project Analyst: Jack Waegell

Unit Mix

48 SRO/Studio Units
1 2-Bedroom Units
 49 Total Units

<u>Unit Type & Number</u>	<u>2009 Rents Targeted % of Area Median Income</u>	<u>2009 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
25 SRO/Studio	30%	30%	\$416
18 SRO/Studio	40%	40%	\$555
5 SRO/Studio	50%	47%	\$652
1 Two-bedroom	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$11,392,238 Construction Cost Per Square Foot: \$177
 Per Unit Cost: \$232,495

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Wells Fargo Bank	\$2,681,005	CRA/LA	\$1,500,000
CRA/LA	\$1,500,000	Los Angeles Housing Department	\$4,809,092
Los Angeles Housing Department	\$4,809,092	Tax Credit Equity	\$5,083,146
Juanita SRO Housing Partners, L.P.	\$877,197		
Tax Credit Equity	\$1,524,944	TOTAL	\$11,392,238

Determination of Credit Amount(s)

Requested Eligible Basis: \$5,570,518
 130% High Cost Adjustment: Yes
 Applicable Fraction: 100.00%
 Qualified Basis: \$7,241,673
 Applicable Rate: 9.00%
 Total Maximum Annual Federal Credit: \$651,751
 Approved Developer Fee (in Project Cost & Eligible Basis): \$1,180,000
 Investor/Consultant: Raymond James Tax Credit
 Federal Tax Credit Factor: \$0.77992

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:	\$5,570,518
Actual Eligible Basis:	\$9,060,110
Unadjusted Threshold Basis Limit:	\$7,443,296
Total Adjusted Threshold Basis Limit	\$10,781,492

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

Parking Beneath Residential Units

100% of Units for Special Needs Population

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

- Projects exceeding Title 24 by at least 15%
- Projects installing bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all living rooms or 50% or all common areas
- Projects using CRI Green Label Plus Carpet or no carpet in all bedrooms

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Single Room Occupancy
Second:	106.483%

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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. 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 project has Shelter Plus Care subsidy for 25 units from the Housing Authority of the County of Los Angeles on an initial 5-year contract with annual renewal thereafter. The project is serving homeless and persons with disabilities populations.

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 Housing Authority of the City of Los Angeles, 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
\$651,751

State Tax Credits/Total
\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day Requirements elected, and a Final Reservation. 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

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

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	55	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 ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ¼ mile of a neighborhood market of at least 5,000 sf	4	4	4
Special Needs/SRO project within ½ mile of facility serving tenant pop.	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ¼ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Health services provided by appropriately-licensed org. or individual	5	5	5
Behavioral health services provided by appropriately-licensed org. or ind.	5	5	5
Sustainable Building Methods	8	8	8
New construction/adaptive reuse energy efficiency 10% above Title 24	4	4	4
Energy star rated ceiling fans in bedroom/living room; whole house fan	2	2	2
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
Formaldehyde-free insulation	1	1	1
Lowest Income	52	72	52
Basic Targeting	50	70	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
State Credit Substitution	2	2	2
Total Points	146	146	146

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.