

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2010 First Round

June 9, 2010

Project Number CA-2010-120

Project Name Boyle Hotel Apartments
Site Address: 101-105 Boyle Avenue and 1729, 1731, & 1733 E. 1st Street
Los Angeles, CA 90033 County: Los Angeles
Census Tract: 2060.400

| Tax Credit Amounts | Federal/Annual | State/Total |
|---------------------------|-----------------------|--------------------|
| Requested: | \$1,431,539 | \$0 |
| Recommended: | \$1,431,539 | \$0 |

Applicant Information

Applicant: East LA Community Corporation
Contact: Maria Cabildo
Address: 530 South Boyle Avenue
Los Angeles, CA 90033
Phone: (323) 269-4214 **Fax:** (323) 261-1065
Email: mcabildo@elacc.org

General partner(s) or principal owner(s): East LA Community Coporation
General Partner Type: Nonprofit
Developer: East LA Community Corporation
Investor/Consultant: California Housing Partnership Corporation
Management Agent: The John Stewart Company

Project Information

Construction Type: Rehabilitation and New Construction
Total # Residential Buildings: 2
Total # of Units: 51
No. & % of Tax Credit Units: 50 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HOME
Affordability Breakdown by % (Lowest Income Points):
30% AMI: 35 %
45% AMI: 30 %
50% AMI: 15 %

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Los Angeles County
TCAC Project Analyst: Jack Waegell

Unit Mix

32 SRO/Studio Units
 1 1-Bedroom Units
18 3-Bedroom Units
 51 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> |
|-------------------------------|--|--|--|
| 15 SRO/Studio | 30% | 30% | \$416 |
| 1 1 Bedroom | 30% | 30% | \$445 |
| 2 3 Bedrooms | 30% | 30% | \$618 |
| 15 SRO/Studio | 45% | 45% | \$624 |
| 1 SRO/Studio | 50% | 50% | \$693 |
| 7 3 Bedrooms | 50% | 50% | \$1,030 |
| 1 SRO/Studio | 60% | 60% | \$832 |
| 8 3 Bedrooms | 60% | 60% | \$1,236 |
| 1 3 Bedrooms | Manager's Unit | Manager's Unit | \$0 |

Project Financing

Estimated Total Project Cost: \$22,010,767 Construction Cost Per Square Foot: \$229
 Estimated Commercial Project Cost: \$1,115,174 Per Unit Cost: \$431,584

| Construction Financing | | Permanent Financing | |
|-------------------------------------|---------------|-------------------------------------|---------------------|
| <u>Source</u> | <u>Amount</u> | <u>Source</u> | <u>Amount</u> |
| Wells Fargo Bank | \$9,485,552 | CCRC | \$1,149,000 |
| Los Angeles Housing Department | \$4,265,571 | LAHD - HOME & CRA | \$4,265,571 |
| Community Redevelopment Agency LA | \$3,000,000 | CRA/LA | \$3,000,000 |
| HCD Infill Infrastructure | \$1,000,000 | HCD Infill Infrastructure | \$1,000,000 |
| MTA | \$598,000 | MTA | \$598,000 |
| Federal Home Loan Bank - AHP | \$408,000 | FHLB - AHP | \$408,000 |
| Accrued/Deferred Interest | \$314,800 | Accrued/Deferred Interest | \$314,800 |
| Costs Deferred Until Completion | \$1,243,742 | General Partner Equity Contribution | \$100 |
| General Partner Equity Contribution | \$100 | Deferred Developer Fee | \$109,293 |
| Tax Credit Equity | \$1,695,000 | Tax Credit Equity | \$11,166,003 |
| | | TOTAL | \$22,010,767 |

Determination of Credit Amount(s)

Requested Eligible Basis (Rehab. & New Constr.): \$12,238,683
 130% High Cost Adjustment: Yes
 Qualified Basis (Rehabilitation & New Construction): \$15,910,288
 Applicable Rate: 9.00%
 Approved Developer Fee in Project Cost \$1,973,391
 Approved Developer Fee in Eligible Basis: \$1,400,000
 Investor/Consultant: California Housing Partnership Corp.
 Federal Tax Credit Factor: \$0.78000

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: | \$12,238,683 |
| Actual Eligible Basis: | \$15,929,973 |
| Unadjusted Threshold Basis Limit: | \$9,825,406 |
| Total Adjusted Threshold Basis Limit: | \$12,478,265 |

Adjustments to Basis Limit:

- Required to Pay Prevailing Wages
- Parking Beneath Residential Units

Tie-Breaker Information

| | |
|---------|---------------------|
| First: | Large Family |
| Second: | 83.552% |

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: This project involves the rehabilitation of the historic 4-story Boyle Hotel with 30 efficiency units & 1 one-bedroom unit and the construction of a new 3-story apartment building with 18 three-bedroom units and 2 studio units.

This project received a waiver for the requirement to provide dishwasher in each unit for the 30-efficiency units and the 1 one-bedroom unit located in the historic Boyle Hotel that will be rehabilitated. The new construction units are still required to provide dishwashers.

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 Department 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
\$1,431,539

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 | 42 | 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 public park or community center open to general public | 3 | 3 | 3 |
| Within ½ mile of public library | 2 | 2 | 2 |
| Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf | 3 | 3 | 3 |
| Large Family proj. w/i ¼ mile of public school project children may attend | 3 | 3 | 3 |
| Within ½ mile of medical clinic or hospital | 3 | 3 | 3 |
| Within ½ mile of a pharmacy | 1 | 1 | 1 |
| Service Amenities | 10 | 10 | 10 |
| Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms | 5 | 5 | 5 |
| Adult educational classes, minimum instruction of 60 hours/year | 5 | 5 | 5 |
| Sustainable Building Methods | 8 | 17 | 8 |
| New construction/adaptive reuse energy efficiency 10% above Title 24 | 4 | 4 | 4 |
| Rehabilitation, not subject to Title 24, w/75% fluorescent or comparable | 2 | 2 | 2 |
| Flow restrictors for kitchen & bath faucets or water-saving fixtures | 1 | 1 | 1 |
| Formaldehyde free cabinets, countertops and shelving | 1 | 1 | 1 |
| No-VOC interior paint | 1 | 1 | 1 |
| CRI Green-label, low-VOC carpet and pad | 1 | 1 | 1 |
| Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust | 2 | 2 | 2 |
| Formaldehyde-free insulation | 1 | 1 | 1 |
| Recycled materials incorp. into concrete, carpet, road base, landscape | 1 | 1 | 1 |
| Rainwater retention at ½ inch rainfall per 24-hour period | 1 | 1 | 1 |
| Project design incorporates Universal Design | 1 | 1 | 1 |
| Project located in a QCT contributing to a community revitalization plan | 1 | 1 | 1 |
| Lowest Income | 52 | 55 | 52 |
| Basic Targeting | 50 | 53 | 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.