

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

Project Number CA-15-050

Project Name Silver Star Apartments (Formerly West Villas)
 Site Address: 6558 & 6572 West Boulevard
 Los Angeles, CA 90043 County: Los Angeles
 Census Tract: 2349.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,050,836	\$3,153,454
Recommended:	\$1,050,836	\$3,153,454

Applicant Information

Applicant: West Villas, L.P.
 Contact: Dora Leong Gallo
 Address: 3701 Wilshire Boulevard, Suite 700
 Los Angeles, CA 90010
 Phone: 213-480-0809 Fax: 213-480-4189
 Email: dgallo@acof.org

General Partner(s) / Principal Owner(s): A Community of Friends
 General Partner Type: Nonprofit
 Parent Company(ies): A Community of Friends
 Developer: A Community of Friends
 Investor/Consultant: California Housing Partnership Corp.
 Management Agent(s): Barker Management, Inc.

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 / McKinney-Vento Homeless Assistance Program
 HUD Section 8 Project-based Vouchers (48 units - 100%)
 Average Targeted Affordability of Special Needs/SRO Project Units: 30.00%
 Affordability Breakdown by Units and % (Lowest Income Points):
 30% AMI: 48 80 %

Information

Set-Aside: Nonprofit (Homeless Assistance)
 Housing Type: Special Needs
 Type of Special Needs: Homeless/formerly homeless/physical, mental, development disabilities
 % of Special Need Units: 48 units 100%
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Marisol Parks

Unit Mix

48 1-Bedroom Units
 1 2-Bedroom Units

 49 Total Units

<u>Unit Type & 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>
48 1 Bedroom	30%	30%	\$458
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,148,620
Construction Costs	\$10,702,544
Rehabilitation Costs	\$0
Construction Contingency	\$1,110,255
Relocation	\$0
Architectural/Engineering	\$794,999
Construction Interest, Perm Financing	\$826,764
Legal Fees, Appraisals	\$95,000
Reserves	\$338,445
Other Costs	\$991,271
Developer Fee	\$2,000,000
Commercial Costs	\$0
Total	\$19,007,898

Project Financing

Estimated Total Project Cost:	\$19,007,898
Estimated Residential Project Cost:	\$19,007,898

Residential

Construction Cost Per Square Foot:	\$296
Per Unit Cost:	\$387,916

Construction Financing

Source	Amount
Union Bank	\$11,158,517
LACDMH - MHSA	\$1,100,000
LAHCID	\$2,519,384
AHP	\$480,000
GP Contribution	\$100
Deferred Costs	\$1,298,545
Deferred Developer Fee	\$600,000
Tax Credit Equity	\$1,851,352

Permanent Financing

Source	Amount
Union Bank	\$1,416,400
LACDMH - MHSA	\$1,100,000
LAHCID	\$2,519,384
AHP	\$480,000
GP Contribution	\$100
Deferred Developer Fee	\$600,000
Tax Credit Equity	\$12,892,014
TOTAL	\$19,007,898

Determination of Credit Amount(s)

Requested Eligible Basis:	\$10,511,514
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$13,664,968
Applicable Rate:	7.69%
Total Maximum Annual Federal Credit:	\$1,050,836
Total State Credit:	\$3,153,454
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corp.
Federal Tax Credit Factor:	\$1.01238
State Tax Credit Factor:	\$0.71462

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: \$10,511,514
Actual Eligible Basis: \$15,635,377
Unadjusted Threshold Basis Limit: \$9,692,160
Total Adjusted Threshold Basis Limit \$12,939,615

Adjustments to Basis Limit:

Required to Pay Prevailing Wages
100% of Units for Special Needs Population
Local Development Impact Fees
95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First: **Special Needs**
Second: **43.939%**

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 7.69% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.30%. 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 owner will pay for all utilities at the project.

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 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
\$1,050,836	\$3,153,454

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

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 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 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Service Amenities	10	10	10
SPECIAL NEEDS AND SRO HOUSING TYPES			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: LEED	5	5	5
Develop project to requirements of: LEED Gold	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	20	20	20
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	148	148	148

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.