

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2015 First Round**

**June 10, 2015**

**Project Number** CA-15-064

**Project Name** Arlington Square  
Site Address: 3101 W. Venice Blvd. & 1547 Arlington Avenue  
Los Angeles, CA 90019 County: Los Angeles  
Census Tract: 2181.200

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$925,111	\$2,776,167
Recommended:	\$925,111	\$2,776,167

**Applicant Information**

Applicant: 3101 West Venice, 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): Supportive Housing, LLC  
General Partner Type: Nonprofit  
Parent Company(ies): A Community of Friends  
Developer: A Community of Friends  
Investor/Consultant: California Housing Partnership Corporation  
Management Agent(s): Barker Management

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 48  
No. & % of Tax Credit Units: 47 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: HOME / HOPWA / McKinney-Vento Homeless Assistance Act /  
HUD Section 8 Project-based Vouchers (47 Units / 100%)  
Average Targeted Affordability of Special Needs/SRO Project Units: 30.00%  
Affordability Breakdown by Units and % (Lowest Income Points):  
30% AMI: 47 80 %

**Information**

Set-Aside: Nonprofit (Homeless Assistance)  
 Housing Type: Special Needs  
 Type of Special Needs: Homeless  
 % of Special Need Units: 47 units 100%  
 Geographic Area: City of Los Angeles  
 TCAC Project Analyst: Jack Waegell

**Unit Mix**

24 SRO/Studio Units  
 23 1-Bedroom Units  
1 2-Bedroom Units  
 48 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>
24 SRO/Studio	30%	30%	\$428
23 1 Bedroom	30%	30%	\$458
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$2,074,000
Construction Costs	\$9,088,569
Rehabilitation Costs	\$0
Construction Contingency	\$908,857
Relocation	\$0
Architectural/Engineering	\$929,160
Construction Interest, Perm Financing	\$804,241
Legal Fees, Appraisals	\$60,000
Reserves	\$404,387
Other Costs	\$1,027,944
Developer Fee	\$1,885,900
Commercial Costs	\$0
<b>Total</b>	<b>\$17,183,058</b>

**Project Financing**

Estimated Total Project Cost:	\$17,183,058
Estimated Residential Project Cost:	\$17,183,058

**Residential**

Construction Cost Per Square Foot:	\$344
Per Unit Cost:	\$357,980

**Construction Financing**

Source	Amount
Citibank - Construction Loan	\$9,087,390
HCID-LA	\$3,877,600
AHP	\$470,000
Costs Deferred Until Completion	\$1,069,387
General Partner Contribution	\$40,000
Deferred Developer Fee	\$485,900
Tax Credit Equity	\$2,152,781

**Permanent Financing**

Source	Amount
Citibank - Permanent Loan	\$1,245,650
HCID-LA	\$3,877,600
AHP	\$470,000
General Partner Contribution	\$40,000
Deferred Developer Fee	\$485,900
Tax Credit Equity	\$11,063,908
<b>TOTAL</b>	<b>\$17,183,058</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$9,253,890
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$12,030,057
Applicable Rate:	7.69%
Total Maximum Annual Federal Credit:	\$925,111
Total State Credit:	\$2,776,167
Approved Developer Fee in Project Cost:	\$1,885,900
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.99390
State Tax Credit Factor:	\$0.67331

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:	\$9,253,890
Actual Eligible Basis:	\$13,972,997
Unadjusted Threshold Basis Limit:	\$8,867,926
Total Adjusted Threshold Basis Limit:	\$12,730,624

**Adjustments to Basis Limit:**

Required to Pay Prevailing Wages

Parking Beneath Residential Units

100% of Units for Special Needs Population

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:	<b>Special Needs</b>
Second:	<b>56.070%</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 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. 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 is a special needs project to serve the homeless with mental illness & veterans with mental illness, including 10 units for people living with HIV/AIDs. The City of Los Angeles, Housing and Community Investment Department, has committed 47 HUD Section 8 project-based vouchers covering 100% of the affordable units.

**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**  
**\$925,111**

**State Tax Credits/Total**  
**\$2,776,167**

**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>
Public Funds	20	20	20
<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 a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	1	1	1
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
SPECIAL NEEDS HOUSING TYPE			
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
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
NEW CONSTRUCTION			
Develop project in accordance w/ requirements of: LEED	5	5	5
Develop project to requirements of: LEED 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>
State Credit Substitution	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.**