

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2015 Second Round
September 23, 2015

Holt Family Apartments, located at 1445 E. Holt Avenue in Pomona, CA, requested and is being recommended for a reservation of \$1,452,729 in annual federal tax credits to finance the new construction of 49 of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Clifford Beers Housing, Inc. and will be located in Senate District 20 and Assembly District 52.

The project financing includes state funding from MHSA through CalHFA, as well as a Supplemental Operating Expense Reserve (SOER) held by CalHFA for the benefit of the project and its 25 units for MHSA-qualified tenants.

Project Number CA-15-167

Project Name Holt Family Apartments
 Site Address: 1445 E. Holt Avenue
 Pomona, CA 91767 County: Los Angeles
 Census Tract: 4027.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,452,729	\$0
Recommended:	\$1,452,729	\$0

Applicant Information

Applicant: Holt Garey Apartments, LP
 Contact: Cristian Ahumada
 Address: 1200 Wilshire Suite 520
 Los Angeles, CA 90017
 Phone: 213-316-0108 Fax: 213-316-0111
 Email: cahumada@mhala.org

General Partner(s) / Principal Owner(s): Holt Garey Apartments, LLC
 LINC Housing Corporation
 General Partner Type: Nonprofit
 Parent Company(ies): Clifford Beers Housing, Inc.
 LINC Housing Corporation
 Developer: Clifford Beers Housing, Inc.
 Investor/Consultant: Wells Fargo Bank
 Management Agent(s): The John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 6
 Total # of Units: 50
 No. & % of Tax Credit Units: 49 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: N/A
 Affordability Breakdown by Units and % (Lowest Income Points):
 30% AMI: 15 30 %
 35% AMI: 10 20 %
 50% AMI: 11 20 %

Information

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

Unit Mix

11 1-Bedroom Units
 17 2-Bedroom Units
 22 3-Bedroom Units

 50 Total Units

<u>Unit Type & Number</u>	<u>2015 Rents Targeted % of Area Median Income</u>	<u>2015 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
10 1 Bedroom	30%	17%	\$269
1 1 Bedroom	35%	17%	\$269
2 2 Bedrooms	30%	14%	\$269
9 2 Bedrooms	35%	14%	\$269
4 2 Bedrooms	50%	50%	\$933
1 2 Bedrooms	60%	50%	\$933
3 3 Bedrooms	30%	12%	\$269
7 3 Bedrooms	50%	50%	\$1,079
12 3 Bedrooms	60%	50%	\$1,079
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,261,048
Construction Costs	\$10,060,375
Rehabilitation Costs	\$0
Construction Contingency	\$1,007,072
Relocation	\$0
Architectural/Engineering	\$616,000
Construction Interest, Perm Financing	\$987,108
Legal Fees, Appraisals	\$72,000
Reserves	\$1,118,848
Other Costs	\$1,748,988
Developer Fee	\$2,000,000
Commercial Costs	\$0
Total	\$18,871,439

Project Financing

Estimated Total Project Cost:	\$18,871,439
Estimated Residential Project Cost:	\$18,871,439

Residential

Construction Cost Per Square Foot:	\$194
Per Unit Cost:	\$377,429

Construction Financing

Source	Amount
Wells Fargo Bank	\$12,503,195
CalHFA - MHSA	\$2,712,402
Costs Deferred until Conversion	\$2,138,848
General Partner Equity	\$100
Tax Credit Equity	\$1,516,894

Permanent Financing

Source	Amount
CalHFA - MHSA	\$2,712,402
General Partner Equity	\$100
Tax Credit Equity	\$16,158,937
TOTAL	\$18,871,439

Determination of Credit Amount(s)

Requested Eligible Basis:	\$15,459,201
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis Credit Reduction (6%)	\$1,205,818
Qualified Basis:	\$18,891,143
Applicable Rate:	7.69%
Total Maximum Annual Federal Credit:	\$1,452,729
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Wells Fargo Bank
Federal Tax Credit Factor:	\$1.11232

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:	\$15,459,201
Actual Eligible Basis:	\$15,476,925
Unadjusted Threshold Basis Limit:	\$12,896,686
Total Adjusted Threshold Basis Limit:	\$15,459,201

Adjustments to Basis Limit:

Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels

- New construction: project buildings are at least 45% more energy efficient than current CA Code Energy Efficiency Standards as indicated in TCAC Regulations.
- Irrigated with reclaimed water, greywater, or rainwater (excluding community gardens)
- 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

Tie-Breaker Information

First:	Large Family
Second:	20.338%

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: In addition to the project's CalHFA MHSA capital loan, it also has a Supplemental Operating Expense Reserve (SOER) of \$950,000 held by CalHFA for the benefit of the project and its 25 units for MHSA-qualified tenants.

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 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
\$1,452,729	\$0

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
Credit Reduction	20	6	6
Public Funds	20	14	14
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 full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1/2 mile of a public elementary school project children may attend	2	2	2
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
LARGE FAMILY HOUSING TYPE			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Health & wellness services and programs, minimum 100 hrs per 100 bdms	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION			
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.