

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Community Renewal Program
December 5, 2007**

Project Number CRP-2007-005

Project Name Hong Building
Address: 437,441,445,451A, 451B Gin Ling Way
 Los Angeles, CA 90012

County: Los Angeles
Census Tract: 12456

Applicant Information

Applicant: Richard Liu
Contact: same
Address: 951 N. Broadway
 Los Angeles, CA 90012
Phone: (213) 628-7335 Fax:(213) 628-8832 email: rliu@dsrdesigninc.com
Sponsor Type: Sole Proprietor

Renewal Community Information

Applicant: City of Los Angeles, Community Development Department
Contact: Clifford J. Weiss
Address: 1200 West 7th Street, 6th Floor
 Los Angeles, CA 90017
Phone: (213) 744-9364 Fax: (213) 213-744-9382 email: Clifford.Weiss@lacity.org

Eligible Basis

Actual:	\$1,276,535
Requested:	\$1,276,535
Maximum Permitted:	\$1,276,535

Tax Deduction Elected 10-year 50%

Tax Deduction Amount	Total 10-year	50%
Requested:	\$489,035	NA
Recommended:	\$489,035	NA

Project Information

Construction Type: Acquisition/ Rehabilitation
Federal Subsidy: None

Employment Targeting

Renewal Community Jobs: TBD—estimated 3-4
Renewal Community Residents: Jobs created will come from renewal community

The project developer is Richard Liu.

The applicant has acquired and rehabilitated a vacant building and has agreed to provide goods and services to residents and businesses within the RC as well as shoppers and pedestrians that visit Historic Chinatown. The applicant is in good standing with the City of Los Angeles and qualifies for a CRD. The improvements will serve as a catalyst for similar improvements to other historic buildings in the area. The applicant was previously successful with a 2004 CRD application.

The Local Renewal Community Agency, the Los Angeles Community Development Department, strongly supports this project.

Project Description: This project is a rehabilitation of an old commercial vacant in Chinatown that had been vacant for many years. By rehabilitation of this building, new goods and services to residents and businesses within the Chinatown community will be created in the revitalizing efforts of the city. The City of Los Angeles, Community Development Department, has worked closely with the applicant in a previous RC project and states the applicant is committed to “operating in conformity with the goals of the Renewal Community Course of Action, including providing employment to Renewal Community residents”.

Project Financing

Estimated Total Project Cost: \$1,276,535 Construction Cost Per Sq. Ft.: \$213

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Owner financed		Owner financed	
		TOTAL	

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	\$151,535
Applicable Fraction:	100%
Requested Acquisition Eligible Basis:	\$1,125,000
Applicable Fraction:	30%
Qualified Acquisition Basis:	\$337,500
Total Allowable Rehabilitation/ Acquisition Basis:	\$1,276,535
Maximum 10-yr Annual Federal Tax Deduction:	\$489,035
Maximum Allowable 50% Tax Deduction:	\$0

Applicant requests and staff recommends a 10-year annual federal tax deduction of \$489,035 based upon an total rehabilitation and acquisition eligible basis of \$1,276,535.

Special Issues/Other Significant Information: None

Recommendation: Staff recommends that the Committee make a reservation of tax deductions in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

\$489,035 10-year Amortization \$0 50%

Standard Conditions

TCAC makes the 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 will be permitted without the express approval of TCAC.

The applicant must pay TCAC an 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 anticipated to be the final project costs, staff recommends that a reservation be made in the amount and manner of federal tax deductions shown above on condition that the final placed-in-service

project costs be supported by itemized lender approved costs and a certification of costs by a certified public accountant as required by the qualified allocation plan of the buildings at completion.

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 tax deductions when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in the qualified allocation plan through the final placed-in-service analysis performed by TCAC.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified eligible basis and tax deduction amount determined by TCAC in its final placed-in-service analysis.

Additional Information: None

Project Analyst: Gene Boyd