CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 5, 2007

Project Number CA-2007-898

Project Name Van Nuys Apartments
Address: 210 West 7th Street
Los Angeles, CA 90014 County: Los Angeles

Applicant Information
Applicant: Van Nuys Preservation, L.P.
Contact Paul Patierno
Address: 6100 Center Drive, Suite 800
Los Angeles, CA 90045
Phone: (310) 258-5122 Fax: (310) 258-5277 email: paul.patierno@aimco.com
Sponsors Type: Joint Venture

Bond Information
Issuer: CRA of Los Angeles
Expected Date of Issuance: December 18, 2007
Credit Enhancement: None

Eligible Basis
Actual: $36,285,840
Requested: $36,285,840
Maximum Permitted: $93,091,890

Extra Feature Adjustments:
55-Year Use/Rent Restriction Adjustment: 120% ☒ Required to Pay Prevailing Wages: 20% ☒

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	$1,526,249	$0
Recommended:	$1,526,249	$0

Project Information
Construction Type: Acquisition and Rehabilitation
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 299
Total # Residential Buildings: 1

Income/Rent Targeting
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100%-297 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 31
Number of Units @ or below 60% of area median income: 266

Unit Type & Number		2007 Rents % of Area Median Income	Proposed Rent (including utilities)
14	Studio	50%	$647
118	Studio	60%	$777
16	One-Bedroom	50%	$693
141	One-Bedroom	60%	$832
1	Two-Bedroom	50%	$832
7	Two-Bedroom	60%	$999
2	Two-Bedroom	Managers' units	$0

The general partner(s) or principal owner(s) are AIMCO Van Nuys Preservation Inc. and Foundation for Affordable Housing II, Inc.

The project developer is AIMCO Equity Services, Inc.

The management services will be provided by NHPMN Management Co. L.P.

The market analysis was provided by Novogradac and Company.

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Project Financing
Estimated Total Project Cost: $41,991,604 Per Unit Cost: $140,440 Construction Cost Per Sq. Foot: $55

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Merrill Lynch	$25,000,000	Merrill Lynch	$16,500,000
AIMCO Properties, L.P.	$1,705,672	AIMCO Properties, L.P.	$5,000,000
Van Nuys HL, L.P.-Special Ptnr.	$2,851,045	Van Nuys HL, L.P.—Spec. Ptnr.	$4,072,920
Deferred Developer fee	$2,500,000	Deferred Developer fee	$2,225,988
Investor Equity	$9,934,887	Investor Equity	$14,192,696
		TOTAL	**$41,991,604**

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	$20,366,639
Requested Acquisition Eligible Basis:	$15,919,201
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	$26,476,631
Qualified Acquisition Basis:	$15,919,201
Applicable Rate:	3.60%
Maximum Annual Federal Rehabilitation Credit:	$953,159
Maximum Annual Federal Acquisition Credit:	$573,091
Total Maximum Annual Federal Credit:	$1,526,249
Approved Developer Fee:	$2,500,000
Tax Credit Factor:	$.92990

Applicant requests and staff recommends annual federal credits of $1,526,249, based on a qualified rehabilitation basis of $26,476,631, a qualified acquisition basis of $15,919,201, and a funding shortfall of $14,192,696.

Cost Analysis and Line Item Review
The requested eligible basis $36,285,840 is below TCAC's adjusted threshold basis limit $93,091,890. The basis limit includes the adjustment for extraordinary features for the 120% adjustment for the 55-year use/affordability restriction for projects that have more than 50% tax-credit units and for projects that are required to pay state or federal prevailing wages,. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitation.

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 3.60% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

Special Issues/Other Significant Information: The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

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

Federal/Annual	State/Total
$1,526,249	**$0**

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

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 of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

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 credits 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.

Additional Conditions: The applicant/owner is required to provide the tenants with the following service amenities for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC.

Required service amenities:

a. Either a) or b) as follows: a) flow restrictors on kitchen faucets (2 gallons per minute or less) and bathroom faucets (1.5 gallons per minute or less) or b) at least one High Efficiency Toilet (1.3 gallons per flush) or dual flush toilets per unit.
b. For rehabilitation projects not subject to Title 24 requirements, use of fluorescent light fixtures for at least 75% of light fixtures or comparable energy saving lighting for the project’s total lighting (including community rooms and any common space) throughout the compliance period.
c. Either a) or b) as follows: a) no VOC interior paint (5 grams per liter or less), Carpet/Rug Institute Green-label, low-VOC carpeting and pad and low-VOC adhesives 25 grams per liter or less), or b) bathroom fans in all bathrooms that exhaust to the outdoors and are equipped with a humidistat sensor or timer.

Project Analyst: g. boyd