

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 28, 2008

Project Number CA-2008-837

Project Name Chinatown Blossom Plaza
Address: 900 North Broadway
Los Angeles, CA 90012 County: Los Angeles

Applicant Information

Applicant: CBP Housing Partners, L.P.
Contact: Elizabeth Borstein
Address: 11755 Wilshire Boulevard, Suite 2100
Los Angeles, CA 90025
Phone: (310) 395-4250 Fax: (310) 395-4350
Sponsors Type: Joint Venture

Bond Information

Issuer: City of Los Angeles
Date of Issuance: July 2008
Credit Enhancement: N/A

Eligible Basis

Actual: \$21,579,267
Requested: \$21,579,267
Maximum Permitted: \$22,813,392

Extra Feature Adjustments: Required to Pay Prevailing Wages: 20%
Parking Beneath Residential Units: 7%
55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted
Between 50% AMI & 36% AMI: 100%
95% of Upper Floor Units are Elevator-Serviced: 10%

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,009,910	\$0
Recommended:	\$1,009,910	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 53
Total # Residential Buildings: 2

Income/Rent Targeting

Federal Setaside Elected: 20%/50%
% & No. of Targeted Units: 100% - 53 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 53
Number of Units @ or below 60% of area median income: 0

<u>Unit Type & Number</u>	<u>2008 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
13 Studio	50%	\$663
27 One-Bedroom	50%	\$710
13 Two-Bedroom	50%	\$852
Manager's Unit *		

* The manager's unit will be located in the market rate component of the master development.

The project developer is CBP Housing Partners Developer, LLC.

The management services will be provided by Lincoln Property Company.

The market analysis was provided by Novogradac & Company, LLP.

The Local Reviewing Agency, the city of Los Angeles Housing Department, has completed a site review of this project and strongly supports the project.

Project Financing

Estimated Total Project Cost: \$25,381,372 Per Unit Cost: \$478,894 Construction Cost Per Sq. Ft.: \$338

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citigroup – Tax Exempt Bonds	\$14,000,000	Citigroup – Tax Exempt Bonds	\$2,314,660
City of Los Angeles – CDBG	\$3,799,800	City of Los Angeles – CDBG	\$3,799,800
Deferred Developer Fee	\$2,500,000	HCD – Transit Oriented Program	\$4,541,787
Developer Equity	\$5,081,572	Developer Equity	\$5,342,872
		Deferred Developer Fee	\$1,000,000
		Investor Equity	\$8,382,253
		TOTAL	\$25,381,372

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,579,267
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$28,053,047
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	\$1,009,910
Approved Developer Fee in Project Cost:	\$2,500,000
Approved Developer Fee in Eligible Basis	\$2,500,000
Tax Credit Factor: AIG SunAmerica	\$0.83

Applicant requests and staff recommends annual federal credits of \$1,009,910, based on a qualified basis of \$28,053,047 and a funding shortfall of \$8,382,253.

Cost Analysis and Line Item Review

The requested eligible basis \$21,579,267 is below TCAC's adjusted threshold basis limit \$22,813,392. The basis limit includes the adjustment for extraordinary features for projects that are required to pay state or federal prevailing wages, projects that are required to provide parking beneath the residential units, the 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted between 50% AMI & 36% AMI, and for projects that include 95% of upper floor units are elevator-serviced. 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: This tax-credit project will be a separately owned part of a larger complex that will have 209 market rate units and approximately 43,000 square feet of retail and restaurant space.

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:

\$1,009,910 Federal/Annual	\$0 State/Total
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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.

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.

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: None.

Project Analyst: Jack Waegell