

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
2009 Single Round  
September 10, 2009**

**Project Number** CA-2009-192  
**Project Name** Canyon Creek  
Site Address: 4803 El Canon Avenue  
Calabasas, CA 91302 County: Los Angeles  
Census Tract: 1374.02

**Applicant Information**

Applicant: Canyon Creek Seniors, L.P.  
Contact: Andrew D. Gross  
Address: 11812 San Vicente Boulevard, Suite 600  
Los Angeles, CA 90049  
Phone: (310) 820-4888 Fax: (310) 207-6986  
Email: andrew@tsahousing.com  
General Partner Type: Joint Venture

**Information**

Set-Aside: N/A  
Housing Type: Senior  
Geographic Area: Los Angeles

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,228,861	\$0
Recommended:	\$1,228,861	\$0

**Project Information**

Construction Type: New Construction  
Federal Subsidy: HOME  
Total # of Units: 75  
Total # Residential Buildings: 2  
Federal Set-Aside Elected: 40%/60%  
% & No. of Tax Credit Units: 100% - 74 units

**Eligible Basis**

Requested: \$10,503,084  
Actual: \$13,003,084  
Maximum Permitted: \$15,989,525

**Adjustments to Threshold Basis Limit:**

Required to Pay Prevailing Wages  
Parking Beneath Residential Units  
95% of Upper Floor Units are Elevator-Serviced

<b>Selection Criteria</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b><i>Cost Efficiency/Credit Reduction/Public Funds</i> Maximum 20 points</b>	<b>20</b>	<b>20</b>	<b>20</b>
<input checked="" type="checkbox"/> Public Funds	20	20	20
<b><i>Owner / Management Characteristics</i> Maximum 9 points</b>	<b>9</b>	<b>9</b>	<b>9</b>
<input checked="" type="checkbox"/> General Partner Experience	6	6	6
<input checked="" type="checkbox"/> Management Experience	3	3	3
<b><i>Housing Needs</i> Maximum 10 points</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b><i>Site Amenities</i> Maximum 15 points</b>	<b>15</b>	<b>15</b>	<b>14</b>
<input checked="" type="checkbox"/> Within ¼ mile of transit stop with service every 30 minutes & 25 units per acre density	7	7	7
<input checked="" type="checkbox"/> Within ¼ mile of public park or community center open to general public	3	3	3
<input checked="" type="checkbox"/> Within ¼ mile of full-scale grocery store w/staples, fresh meat and fresh produce	4	4	4
<input checked="" type="checkbox"/> Senior project within ¼ mile of daily operated senior center or facility for seniors	3	3	3
<input checked="" type="checkbox"/> Within ¼ mile of a pharmacy	2	2	2
<b><i>Service Amenities</i> Maximum 10 points</b>	<b>10</b>	<b>10</b>	<b>10</b>
<input checked="" type="checkbox"/> Educational classes (e.g. ESL, Computer training, etc. and aren't same as After School)	5	5	5
<input checked="" type="checkbox"/> Bona fide Service Coordinator/Social Worker	5	5	5
<b><i>Sustainable Building Methods</i> Maximum 8 points</b>	<b>8</b>	<b>8</b>	<b>8</b>
<input checked="" type="checkbox"/> Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
<input checked="" type="checkbox"/> Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
<input checked="" type="checkbox"/> No-VOC interior paint	1	1	1
<input checked="" type="checkbox"/> CRI Green-label, low-VOC carpet and pad	1	1	1
<input checked="" type="checkbox"/> Formaldehyde-free insulation	1	1	1
<input checked="" type="checkbox"/> Recycled materials incorporated into: concrete, carpet, road base or landscape	1	1	1
<input checked="" type="checkbox"/> Project has nonsmoking buildings or contiguous sections within a building	1	1	1
<b><i>Lowest Income</i> Maximum 52 points</b>	<b>52</b>	<b>52</b>	<b>52</b>
<input checked="" type="checkbox"/> Basic Targeting	50	50	50
<input checked="" type="checkbox"/> Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b><i>Readiness to Proceed</i> Maximum 20 points</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b><i>State Credit Substitution</i> Maximum 2 points</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Points</b>	<b>146</b>	<b>146</b>	<b>146</b>

**Tie-Breaker Information**

First: Housing Type **Senior**  
 Second: Calculated Ratio per Regulation 10325(c)(10) **65.907%**

<b>Unit Type &amp; Number</b>	<b>2009 Rents % of Area Median Income (rounded)</b>	<b>Proposed Rent (including utilities)</b>
8 One-bedroom Units	30%	\$445
8 One-bedroom Units	40%	\$594
38 One-bedroom Units	50%	\$743
20 One-bedroom Units	60%	\$891
1 Two-bedroom Unit	Manager's Unit	\$2,000

The general partners or principal owners are Canyon Creek Seniors, LLC and Housing Corporation of America.

The project developer is Thomas Safran & Associates.

The management agent is Thomas Safran & Associates.

The market analyst is Prior & Associates.

The Local Reviewing Agency, the city of Calabasas, has completed a site review of this project and strongly supports this project.

**Project Financing**

Estimated Total Project Cost: \$20,609,011      Per Unit Cost: \$274,787      Construction Cost Per Sq. Foot: \$235

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Union Bank	\$10,500,000	Union Bank	\$3,300,000
HACOLA – HOME	\$2,500,000	HACOLA – HOME	\$2,500,000
City of Calabasas	\$1,000,000	City of Calabasas	\$1,000,000
HCD – Prop. 1C Infrastructure Grant	\$3,653,280	HCD – Prop. 1C Infrastructure Grant	\$3,653,280
Deferred Developer Fee	\$1,438,354	Deferred Developer Fee	\$939,275
Investor Equity	\$1,517,377	Investor Equity	\$9,216,456
		<b>TOTAL</b>	<b>\$20,609,011</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$10,503,084
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$13,654,009
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,228,861
Approved Developer Fee in Project Cost	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor:	Raymond James Tax Credit Equity
Federal Tax Credit Factor:	\$0.75000

**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 9.00% of the qualified basis. TCAC's financial evaluation at project completion will determine the final allocation.

**Special Issues/Other Significant Information:** None.

**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.

**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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
\$1,228,861	\$0

### **Standard Conditions**

An application for a carryover allocation must be submitted by **November 20, 2009**, as required by regulation sections 10328(d) and 10323(d)(2), together with the applicable allocation fee and all required documentation. The time for meeting the "10%" test and submitting related documentation will be no later than twelve (12) months after the date of the executed carryover allocation (as defined by IRC Section 42 and IRS Notices). The applicant must ensure the project meets all Additional Threshold Requirements for the housing type of the proposed project.

The applicant must submit all documentation required for a Final Reservation no later than February 1 of the year that the building(s) must be placed in service pursuant to Section 42(h)(1)(E)(i) of the Internal Revenue Code of 1986, as amended. The applicant shall provide the Committee a Final Reservation application providing the documentation for the project set forth in Section 10322(i)(1) of these regulations. 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. The performance deposit and allocation fees must be paid by cashier's check within the time periods specified in the preliminary reservation. The allocation fee must be paid within a time period specified in the preliminary reservation letter. The allocation fee will be due prior to execution of a carryover allocation or issuance of tax forms, whichever comes first. 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.

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)(P) at project completion.

### **Additional Conditions**

Applicants that received 20 points for readiness to proceed must meet ALL of the following requirements. The applicant must be ready to begin construction within 150 days of the Credit Reservation which is **February 8, 2010**, as evidenced by submission, within that time of, recorded deeds of trust for all construction financing, payment of all construction lender fees, issuance of building permits and notice to proceed delivered to the contractor. Failure to meet this timeline will result in rescission of the Credit Reservation.

**Project Analyst:** Jack Waegell