

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
September 23, 2009

Project Number CA-2009-840

Project Name Glenoaks Gardens
Address: 8925-8933 Glenoaks Boulevard
Los Angeles, CA 91352 County: Los Angeles

Applicant Information

Applicant: Glenoaks Gardens, L.P.
Contact Stephanie Klasky-Gamer
Address: 7843 Lankershim Boulevard
North Hollywood, CA 91605
Phone: (818) 255-2700 Fax: (818) 255-2770
Email: Stephanie@lafh.org
Sponsors Type: Nonprofit

Information

Housing Type: Special Needs

Bond Information

Issuer: City of Los Angeles Housing Department
Expected Date of Issuance: November 11, 2009
Credit Enhancement: N/A

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$697,710	\$0
Recommended:	\$697,710	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt / HOME / HUD Section 8 Project-based Vouchers
HCD MHP Funding: Yes
Total # of Units: 61
Total # Residential Buildings: 1
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 60 units
55-Year Use/Affordability Restriction: Yes

Eligible Basis

Actual: \$15,334,309
Requested: \$15,334,309
Maximum Permitted: \$23,958,587

Adjustments to Threshold Basis Limit:

- Required to Pay Prevailing Wages
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units that are Income Targeted Between 50% AMI & 36% AMI: 100%

<u>Unit Type & Number</u>	<u>2009 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
60 SRO/Studio Units	50%	\$693
1 Two-bedroom Unit	Manager's Unit	\$0

The general partner or principal owner is L.A. Family Housing Corporation.

The project developer is L.A Family Housing Corporation.

The management services will be provided by L.A. Family Housing Corporation.

The market analysis was provided by The Reicher 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: \$20,393,540 Per Unit Cost: \$334,320 Construction Cost Per Sq. Foot: \$303

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo Bank	\$11,660,000	CalHFA – MHSA	\$4,500,000
CalHFA – MHSA	\$4,500,000	HCD – MHP	\$6,224,895
LAHD–Perm. Supportive Housing Prgm.	\$1,885,572	LAHD – PSHP	\$4,130,649
Cost Deferred During Construction	\$803,368	Deferred Developer Fee	\$400,000
General Partner Equity	\$100	General Partner Equity	\$100
Deferred Developer Fee	\$400,000	Investor Equity	\$5,137,896
Investor Equity	\$1,144,500		
		TOTAL	\$20,393,540

Determination of Credit Amount(s)

Requested Eligible Basis:	\$15,334,309
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$19,934,602
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$697,710
Approved Developer Fee in Project Cost	\$1,487,500
Approved Developer Fee in Eligible Basis:	\$1,087,500
Investor Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.73639

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 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 3.50% 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 project has an MHSAs capitalized operating subsidy for 20 years that covers 45 of the special needs units serving homeless mentally ill tenants and project-based Section 8 vouchers on 8 of the non-supportive housing units.

The owner will pay all utilities.

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 Tax Credits/Annual	State Tax Credits/Total
\$697,710	\$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.

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: The applicant/owner is required to provide the tenants with educational classes and contracts for services, on-site or within ¼ mile of the project, free of charge 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.

Project Analyst: Jack Waegell