

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2009 Cash in Lieu of Credits – TCAP Funds**  
**December 16, 2009**

**Project Number** CA-2009-612

**Project Name** Professional Housing & Development Apartments  
Site #1 Address: 1020 S. Kingsley Dr., Los Angeles, CA 90006  
Site #2 Address: 1400 S. Kenmore Ave., Los Angeles, CA 90006  
Site #3 Address: 1401 S. Arlington Ave., Los Angeles, CA 90019  
Site #4 Address: 1745 W. 20th St., Los Angeles, CA 90007  
Site #5 Address: 1810 S. Magnolia Ave., Los Angeles, CA 90006  
County: Los Angeles

**Applicant Information**

Applicant: LTSC Community Development Corporation & Koreatown Youth and  
Community Center  
Contact: Ron Fong  
Address: 231 E. Third Street, Suite G106  
Los Angeles, CA 90013  
Phone: (213) 473-3025 Fax: (213) 473-1681  
Email: rfong@ltsc.org

General Partner Type: Nonprofit

The general partners or principal owners are LTSC Community Development Corporation & Koreatown Youth and Community Center.

**Project Information**

Housing Type: At-Risk  
Construction Type: Acquisition and Rehabilitation  
Rental/Operating Subsidy: 100% (82 Units - HUD Section 8 Project-based Contract)  
HCD Funding: No  
Total # of Units: 83  
Total # Residential Buildings: 5  
Federal Set-Aside Elected: 40%/60%  
% & No. of Tax Credit Units: 100% - 82 units

**Davis-Bacon Required:** Yes

**NEPA Required:** Yes

**State Prevailing Wages Required:** No

**2009 TCAC Project Number:** CA-2009-229

**2009 Annual Federal Tax Credits Reserved:** \$579,865

**2009 Federal Reserved Tax Credits Exchanged/Returned:** \$579,765

**2009 Federal Tax Credits Retained:** \$100

**Original Net Equity Factor (maximum \$0.80 for 2009):** \$0.71077 Fed

**Calculated/Requested Amount of ARRA Funds:** (\$579,765 X 10 X 0.68) = \$3,942,402

**Calculated/Awarded ARRA Gap Funds:** (\$579,765 X 10 X 0.12) = \$695,718

**Total Cash Award Recommended: \$4,638,120** (\$3,942,402 ARRA Funds + \$695,718 ARRA Gap Funds)

**Income/Rent Targeting**

55-Year Use/Affordability Restriction: Yes

Number of Units @ or below 30% of area median income: 10

Number of Units @ or below 40% of area median income: 30

Number of Units @ or below 50% of area median income: 42

<b>Unit Type &amp; Number</b>	<b>2009 Rents Targeted % of Area Median Income</b>	<b>2009 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
5 SRO/Studio Unit	30%	30%	\$416
4 One-bedroom Unit	30%	30%	\$446
20 SRO/Studio Unit	40%	40%	\$554
10 One-bedroom Unit	40%	40%	\$594
29 SRO/Studio Unit	50%	50%	\$693
13 One-bedroom Unit	50%	50%	\$743
1 Two-bedroom Unit	30%	30%	\$535
1 Two-bedroom Units	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$13,638,381

Per Unit Cost: \$164,318

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<b>Source</b>	<b>Amount</b>	<b>Source</b>	<b>Amount</b>
Bank of America	\$6,634,200	Bank of America – Tranche A	\$2,019,000
Los Angeles Housing Department	\$4,575,000	Bank of America – Tranche B	\$1,932,000
Deferred Costs	\$661,443	Los Angeles Housing Department	\$4,575,000
TCAC ARRA Award	\$1,855,248	Deferred Developer Fee	\$473,461
		Investor Equity-\$100 annual Federal credit	\$800
		TCAC ARRA Award	\$4,638,120
		<b>TOTAL</b>	<b>\$13,638,381</b>

**Income and Expense Statement for Year 1**

**Gross Residential Rents:** \$598,754

**Total Rental Subsidy Income:** \$241,115

**Miscellaneous Income:** \$6,963

**Total Vacancy Rate Loss:** (\$42,342)

<b>Total Effective Gross Income:</b>	\$804,490
<b>Less Total Expenses/Reserves:</b>	\$370,566
<b>Net Operation Income:</b>	\$433,924
<b>Debt Service:</b>	\$348,519
<b>Net Cash Flow</b>	\$85,405
<b>Debt Service Ratio:</b>	1.245 to 1

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 analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations.

### **Standard Conditions**

The Committee may make a Conditional Reservation of American Recovery and Reinvestment Act of 2009 (ARRA) , Tax Credit Assistance Program (TCAP) funds for the project sponsor. This Conditional Reservation would not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of environmental review and receipt by the California Tax Credit Allocation Committee of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part §58. The provision of any funds to the project is conditioned on TCAC's determination to proceed with, modify or cancel the project based on the results of a subsequent environmental review and further underwriting.

The project sponsor is prohibited from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair or construction prior to the environmental clearance. A violation of this provision may result in the denial of any funds.

In addition, each project ultimately awarded ARRA TCAP funds will have to comply with all federal requirements, such as Section 504, Davis-Bacon federal labor standards laws, anti-lobbying requirements, lead-based paint rules, and other federal laws.

All ARRA funded projects will be required to track and report on all jobs created or retained as a result of the funds.