

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2010 Second Round

September 22, 2010

Project Number CA-2010-236

Project Name Woods Family
Site Address: 5051 E. 3rd Street
Los Angeles, CA 90022 County: Los Angeles
Census Tract: 5304.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,535,493	\$0
Recommended:	\$1,535,493	\$0

Applicant Information

Applicant: Woods Family Housing Partners, L.P.
Contact: Richard J. Whittingham
Address: 9065 Haven Ave. Suite 100
Rancho Cucamonga, CA 91730
Phone: (909) 483-2444 Fax: (909) 291-0302
Email: fvasquez@nationalcore.org

General partner or principal owner: The Southern California Housing Development Corporation of Los Angeles
General Partner Type: Nonprofit
Developer: National CORE
Investor/Consultant: Hudson Housing Capital
Management Agent: National CORE

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 60
No. & % of Tax Credit Units: 59 100%
Federal Set-Aside Elected: 20%/50%
Federal Subsidy: HOME / CDBG
Affordability Breakdown by % (Lowest Income Points):
30% AMI: 10 %
45% AMI: 25 %
50% AMI: 40 %

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Los Angeles County
TCAC Project Analyst: Vélia Martínez

Unit Mix

30	2-Bedroom Units
30	3-Bedroom Units
60	Total Units

<u>Unit Type & Number</u>	<u>2010 Rents Targeted % of Area Median Income</u>	<u>2010 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 2 Bedrooms	30%	30%	\$559
7 2 Bedrooms	45%	45%	\$839
20 2 Bedrooms	50%	50%	\$932
3 3 Bedrooms	30%	30%	\$646
8 3 Bedrooms	45%	45%	\$969
18 3 Bedrooms	50%	50%	\$1,076
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost:	\$24,958,257	Construction Cost Per Square Foot:	\$113
		Per Unit Cost:	\$415,971

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
JP Morgan Chase	\$13,796,827	CCRC	\$2,260,000
LA County CDC HOME	\$2,039,815	LA County Industry Funds	\$2,037,000
LA County Industry Funds	\$2,037,000	LA County CDC HOME	\$2,039,815
HCD Infill Infrastructure Grant	\$2,695,000	LA County Maravilla Redev TI Funds	\$1,000,000
Holding Period Income (MTA Sublease)	\$232,000	LA County CDBG	\$1,000,000
Investor Equity	\$3,070,985	LA County Const. Interest Account	\$1,000,000
		HCD Infill Infrastructure Grant	\$2,695,000
		Holding Period Income (MTA Sublease)	\$232,500
		Deferred Developer Fee	\$410,000
		Investor Equity	\$12,283,942
		TOTAL	\$24,958,257

Determination of Credit Amount(s)

Requested Eligible Basis:	\$13,123,870
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$17,061,031
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$1,535,493
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	Hudson Housing Capital
Federal Tax Credit Factor:	\$0.80000

Per Regulation Section 10322(i)(4)(A), The "as if vacant" land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$13,123,870
Actual Eligible Basis:	\$24,171,897
Unadjusted Threshold Basis Limit:	\$14,336,640
Total Adjusted Threshold Basis Limit:	\$19,497,265

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

Parking Beneath Residential Units

3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Projects using CRI Green Label Plus Carpet or no carpet in all bedrooms
- Projects using vent kitchen range hoods to the exterior of the building in at least 80% of the units
- Projects using at least four recycled products listed in the Construction, Flooring, or Recreation section of the California Integrated Waste Management Board’s Recycled Content Products Database

Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Second:	96.971%

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, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information: The project Architect/Engineer Sustainable Building Method Certification, Attachment 25, did not match the applicant's selection. This did not affect points for Sustainable Building Methods, as TCAC awards points for what the architect/engineer certifies to. Refer to Points System below.

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.

Local Reviewing Agency:

The Local Reviewing Agency, Los Angeles County, has completed a site review of this project and strongly supports this project.

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:

Federal Tax Credits/Annual
\$1,535,493

State Tax Credits/Total
\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day Requirements elected, and a Final Reservation. 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. 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. 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) at project completion.

Additional Conditions: None.

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ¼ mile of public park or community center open to general public	3	3	3
Within ¼ mile of public library	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Service Amenities	10	10	10
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult educational classes, minimum instruction of 60 hours/year	5	5	5
Sustainable Building Methods	8	8	8
New construction/adaptive reuse energy efficiency 10% above Title 24	4	0	4
Energy star rated ceiling fans in bedroom/living room; whole house fan	2	2	0
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	0
Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	0
No-VOC interior paint	1	0	1
CRI Green-label, low-VOC carpet and pad	1	0	1
Formaldehyde-free insulation	1	0	1
Recycled materials incorp. into concrete, carpet, road base, landscape	1	1	0
Rainwater retention at ½ inch rainfall per 24-hour period	1	1	0
Project has nonsmoking buildings or contiguous sections w/i a building	1	1	1
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
State Credit Substitution	2	2	2
Total Points	146	146	146

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.