

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2010 Second Round

September 22, 2010

Project Number CA-2010-252

Project Name The 28th St YMCA Residences
Site Address: 1006 East 28th Street
Los Angeles, CA 90011 County: Los Angeles
Census Tract: 2267.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,129,047	\$0
Recommended:	\$1,129,047	\$0

Applicant Information

Applicant: Clifford Beers Housing, Inc
Contact: Sarah White
Address: 1200 Wlshire Blvd Suite 520
Los Angeles, CA 90017
Phone: 213-316-0108 Fax: 213-316-0111
Email: swhite@mhala.org

General partner(s) or principal owner(s): Clifford Beers Housing, Inc
Coalition for Responsible Community Development
General Partner Type: Nonprofit
Developer: Clifford Beers Housing, Inc
Investor/Consultant: California Housing Partnership Corporation
Management Agent: John Stewart Management Company

Project Information

Construction Type: New Construction and Rehabilitation
Total # Residential Buildings: 1
Total # of Units: 49
No. & % of Tax Credit Units: 48 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HOME / CDBG
Average Affordability of Special Needs/SRO Project Units: 36.89%
Affordability Breakdown by % (Lowest Income Points):
30% AMI: 45 %
40% AMI: 10 %
50% AMI: 35 %

Information

Set-Aside: Nonprofit Homeless Assistance
 Housing Type: Single Room Occupancy
 Geographic Area: Los Angeles County
 TCAC Project Analyst: Jack Waegell

Unit Mix

49 SRO/Studio Units
 49 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>
23 SRO/Studio	30%	30%	\$435
7 SRO/Studio	40%	40%	\$580
18 SRO/Studio	50%	50%	\$725
1 SRO/Studio	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$24,264,828 Construction Cost Per Square Foot: \$355
 Estimated Commercial Project Cost: \$1,156,874 Per Unit Cost: \$495,201

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Wells Fargo Bank	\$6,970,034	Mental Health Services Act	\$5,031,840
Mental Health Services Act	\$5,031,840	LA Housing Department - HOME	\$3,279,934
Los Angeles Housing Department	\$3,279,934	CRA/LA	\$3,000,000
CRA/LA	\$3,000,000	City of Industry	\$2,000,000
City of Industry	\$2,000,000	LA Housing Department - CDBG	\$500,000
LA Housing Department - CDBG	\$500,000	FHLB - AHP	\$500,000
Deferred Costs	\$2,006,420	Deferred Developer Fee	\$950,000
GP Equity	\$100	GP Equity	\$100
Tax Credit Equity	\$1,476,501	Tax Credit Equity	\$9,002,954
		TOTAL	\$24,264,828

Determination of Credit Amount(s)

Requested Eligible Basis (New Construction & Rehab.):	\$9,649,974
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis (New Construction & Rehabilitation):	\$12,544,966
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,129,047
Approved Developer Fee in Project Cost:	\$2,000,000 residential & \$343,156 commercial
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.79739

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:	\$9,649,974
Actual Eligible Basis:	\$20,589,422
Unadjusted Threshold Basis Limit:	\$7,384,398
Total Adjusted Threshold Basis Limit:	\$9,649,974

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

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

- Projects using natural linoleum/ceramic tile/natural rubber for all kitchens and bathrooms where no VOC adhesives or backing is used
- Projects installing bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all living rooms or 50% or all common areas
- Projects using CRI Green Label Plus Carpet or no carpet in all bedrooms

Environmental Mitigation

Utilizing New Energy Technologies

Local Development Impact Fees

Tie-Breaker Information

First:	Single Room Occupancy
Second:	115.161%

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: This project involves the rehabilitation and adaptive reuse of the historic YMCA building into 24 studio units and the new construction of a 5-story wing with 25 studio units averaging 343 square feet.

The project has a 20-year MHSA operating subsidy covering 30 units (63%).

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, the city of Los Angeles Housing Department, 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	State Tax Credits/Total
\$1,129,047	\$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	56	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 ½ mile of public park or community center open to general public	2	2	2
Within ¼ mile of a neighborhood market of at least 5,000 sf	4	4	4
Special Needs/SRO project within 1 mile of facility serving tenant pop.	2	2	2
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
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Sustainable Building Methods	8	8	8
New construction/adaptive reuse energy efficiency 10% above Title 24	4	4	4
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
Formaldehyde free cabinets, countertops and shelving	1	1	1
Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
Lowest Income	52	62	52
Basic Targeting	50	60	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.