

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
May 18, 2011**

Project Number CA-2011-853

Project Name Regent Square
Site Address: 527 West Regent Street
Inglewood, CA 90301 County: Los Angeles
Census Tract: 6014.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,502,180	\$0
Recommended:	\$1,502,180	\$0

Applicant Information

Applicant: Regent 145, L.P.
Contact: Todd Pratt
Address: 4116 West Magnolia Blvd., Suite 203
Burbank, CA 91505
Phone: (818) 843-8644 Fax: (818) 566-1437
Email: Todd@chandlerpartners.com

General partner(s) or principal owner(s): Inglewood Regent Square, LLC
Faithful Central Bible Church Community
Development Corporation
General Partner Type: Joint Venture
Developer: Inglewood Regent Square, LLC
Investor/Consultant: Alliant Capital, Ltd.
Management Agent: Pacific West Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 145
No. & % of Tax Credit Units: 143 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HOME
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 27
Number of Units @ or below 60% of area median income: 116

Bond Information

Issuer: California Statewide Communities Development Authority
 Expected Date of Issuance: June, 2011
 Credit Enhancement: N/A

Information

Housing Type: Non-Targeted
 Geographic Area: Los Angeles County
 TCAC Project Analyst: Vélia M. Greenwood

Unit Mix

1 SRO/Studio Units
 36 1-Bedroom Units
 101 2-Bedroom Units
 7 3-Bedroom Units

 145 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>
1 SRO/Studio	60%	46%	\$661
6 1 Bedroom	50%	41%	\$630
23 1 Bedroom	60%	49%	\$756
2 1 Bedroom	50%	50%	\$776
5 1 Bedroom	60%	60%	\$931
16 2 Bedrooms	50%	38%	\$708
68 2 Bedrooms	60%	46%	\$850
2 2 Bedrooms	50%	50%	\$932
13 2 Bedrooms	60%	60%	\$1,119
5 3 Bedrooms	60%	44%	\$945
1 3 Bedrooms	50%	50%	\$1,076
1 3 Bedrooms	60%	60%	\$1,292
2 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$45,465,276 Construction Cost Per Square Foot: \$92
 Per Unit Cost: \$313,554

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citi Community Capital	\$22,000,000	Citi Community Capital	\$6,850,000
City of Inglewood (HOME)	\$4,000,000	City of Inglewood (HOME)	\$4,000,000
City of Inglewood (RDA)	\$9,468,576	City of Inglewood (RDA)	\$14,370,000
Accrued Interest	\$400,000	Accrued Interest	\$400,000
Goldman Sachs	\$4,871,000	Goldman Sachs	\$4,871,000
Deferred Developer Fee	\$1,961,690	Deferred Developer Fee	\$1,154,220
Tax Credit Equity	\$2,764,010	Tax Credit Equity	\$13,820,056
		TOTAL	\$45,465,276

Determination of Credit Amount(s)

Requested Eligible Basis: \$33,985,963
 130% High Cost Adjustment: Yes
 Applicable Fraction: 100.00%
 Qualified Basis: \$44,181,752
 Applicable Rate: 3.40%
 Total Maximum Annual Federal Credit: \$1,502,180
 Approved Developer Fee (in Project Cost & Eligible Basis): \$2,500,000
 Investor/Consultant: Alliant Capital, Ltd.
 Federal Tax Credit Factor: \$0.92000

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: \$33,985,963
 Actual Eligible Basis: \$33,985,963
 Unadjusted Threshold Basis Limit: \$32,938,606
 Total Adjusted Threshold Basis Limit: \$52,500,611

Adjustments to Basis Limit:

Required to Pay Prevailing Wages
 Parking Beneath Residential Units
 Day Care Center
 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 are Income Targeted between 50% AMI & 36% AMI: 18%

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 meet 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 3.40% of the qualified basis. 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: At Placed-In-Service, TCAC will require a private letter ruling from the Internal Revenue Service confirming that the off-site costs related to the neighboring buildings are acceptable in eligible basis.

Local Reviewing Agency:

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.

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
\$1,502,180	\$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 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 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 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.

Additional Conditions: The applicant/owner is required to provide the tenants with educational classes and after school programs 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.

The applicant/owner is required to complete the following Sustainable Building Methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the placed-in-service application is submitted: 1) New Construction or Adaptive Reuse Project exceeding Title 24 Energy Standards by at least 10%; 2) incorporate the following energy efficient items: a) Water-saving fixtures or flow restrictors in the kitchen (2 gpm or less) and bathrooms (1.5 gpm or less); b) at least one High Efficiency Toilet (1.3 gallons per flush) or dual flush toilets per unit; and, c) bathroom fans in all bathrooms that exhaust to the outdoors and are equipped with a humidistat.