

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2011 First Round**  
**June 22, 2011**

**Project Number** CA-2011-047

**Project Name** Tilden Terrace  
Site Address: 11042-11056 Washington Blvd  
Culver City, CA 90232 County: Los Angeles  
Census Tract: 7028.010

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$700,020	\$0
Recommended:	\$700,020	\$0

**Applicant Information**

Applicant: Los Angeles Housing Partnership  
Contact: Mary Silverstein  
Address: 1200 Wilshire Blvd, Suite 307  
Los Angeles, CA 90017  
Phone: (213) 629-9172 Fax: (213) 629-9179  
Email: mary@lahousingpartnership.com

General partner(s) or principal owner(s): Los Angeles Housing Partnership  
General Partner Type: Nonprofit  
Developer: Los Angeles Housing Partnership  
Investor/Consultant: Hudson Housing Capital  
Management Agent: FPI Management, Inc

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 33  
No. & % of Tax Credit Units: 20 62.5%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: N/A  
Affordability Breakdown by % (Lowest Income Points):  
30% AMI: 20 %  
40% AMI: 50 %  
50% AMI: 30 %

**Information**

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

**Unit Mix**

2 1-Bedroom Units  
 19 2-Bedroom Units  
 12 3-Bedroom Units  


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 33 Total Units

<u>Unit Type &amp; 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 1 Bedroom	30%	30%	\$466
2 2 Bedrooms	30%	30%	\$559
1 3 Bedrooms	30%	30%	\$646
1 1 Bedroom	40%	40%	\$621
5 2 Bedrooms	40%	38%	\$709
4 3 Bedrooms	40%	37%	\$788
4 2 Bedrooms	50%	46%	\$851
2 3 Bedrooms	50%	44%	\$945
7 2 Bedrooms	Market Rate	Market Rate	\$1,559
5 3 Bedrooms	Market Rate	Market Rate	\$1,733
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$23,985,029  
 Estimated Residential Project Cost: \$20,290,029  
 Estimated Commercial Project Cost: \$3,695,000

**Residential**

Construction Cost Per Square Foot: \$131  
 Per Unit Cost: \$614,849

**Construction Financing**

<u>Source</u>	<u>Amount</u>
Wells Fargo Bank	\$7,099,100
City of Culver City - RDA Funds	\$11,805,000
City of Culver City	\$3,395,000
Enterprise - Housing & Green Grant	\$40,000
Deferred Developer Fee & Costs	\$1,006,500
Tax Credit Equity	\$1,250,000

**Permanent Financing**

<u>Source</u>	<u>Amount</u>
CCRC	\$1,874,837
City of Culver City - RDA Funds	\$11,805,000
City of Culver City	\$3,395,000
Enterprise - Housing & Green Grant	\$40,000
FHLBSF - AHP	\$220,000
Tax Credit Equity	\$6,650,192
<b>TOTAL</b>	<b>\$23,985,029</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$9,572,926
130% High Cost Adjustment:	Yes
Applicable Fraction:	62.50%
Qualified Basis:	\$7,778,002
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$700,020
Approved Developer Fee in Total Project Cost:	\$1,389,429
Approved Developer Fee in Commercial Cost:	\$300,000
Approved Developer Fee (in Residential Cost & Basis):	\$1,089,429
Investor/Consultant:	Hudson Housing Capital
Federal Tax Credit Factor:	\$0.95000

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:	\$9,572,926
Actual Eligible Basis:	\$15,447,037
Unadjusted Threshold Basis Limit:	\$7,549,372
Total Adjusted Threshold Basis Limit:	\$10,932,161

**Adjustments to Basis Limit:**

Required to Pay Prevailing Wages

Parking Beneath Residential Units

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

- Project has onsite renewable generation estimated to produce 75% or more of annual common area electricity use as indicated in TCAC Regulations.

- Community gardens of at least 60 square feet per unit

- Install bamboo, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all kitchens, living rooms, and bathrooms where no VOC adhesives or backing is used

- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all common areas

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First: **Large Family**  
Second: **79.050%**

**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:** TCAC determined that the applicant's estimate of the total residential project cost at \$642,442 per unit exceeded TCAC's underwriting standard for cost reasonableness. Therefore, TCAC shifted a small portion of the Developer Fee from residential costs to commercial costs proportionately relative to the total project costs. TCAC also reduced the developer fee to bring the project's residential project cost to \$614,849 per unit, which is more in line with project costs that TCAC has seen for this type of project in this area.

The project's adjusted per unit cost, \$614,849, is still relatively high due in part to the high land cost of \$5,100,000 for 0.74 acres covered by a loan from the City of Culver City, the low unit count of the project (33 units) but with larger size units (19 two-bedroom units and 12 three-bedroom units), and the in-fill project design with a three-story residential building over subterranean parking.

**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 Culver City, 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$700,020</b>	<b>\$0</b>

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 180-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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Public Funds	20	20	20
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
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 ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	0
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Large Family proj. w/1 ¼ mile of public school project children may attend	3	3	3
Within ½ mile of a pharmacy	1	1	1
In-unit high speed internet service	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY HOUSING TYPE			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, minimum 30 hrs/yr instruction	5	5	0
After school program for school age children, minimum of 10 hours/week	5	5	5
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
NEW CONSTRUCTION			
Develop project in accordance w/ requirements of: LEED	5	5	5
Energy efficiency beyond CA Building Code Title 24 requirements: 17.5%	2	2	2
Develop project to requirements of: LEED Silver	3	3	3
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
Smoke Free Residence	1	1	1
<b>Total Points</b>	<b>148</b>	<b>148</b>	<b>148</b>

**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.**