CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
July 20, 2011

Project Number CA-2011-856

Project Name Casa Griffin Apartments
Site Address: 2669 N. Griffin Avenue
Los Angeles, CA 90031 County: Los Angeles
Census Tract: 1992.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	$439,991	$0
Recommended:	$439,991	$0

Applicant Information

Applicant: Griffin, LP
Contact: Jey Samuel
Address: 2090 N Tustin Avenue, Suite 250-B
Santa Ana, CA 92705
Phone: (714) 547-7721 Fax: (714) 547-0751
Email: jsamuel@icaff.org

General partner(s) or principal owner(s): Intercontinental Affordable Housing, Inc.
General Partner Type: Nonprofit
Developer: Intercontinental Affordable Housing, Inc.
Investor/Consultant: Hudson Housing Capital, LLC
Management Agent: Genessy Mgt. & Development, LLC

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 1
Total # of Units: 40
No. & % of Tax Credit Units: 39 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD Project-based Section 8 (40 units - 100%)
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 31
Number of Units @ or below 60% of area median income: 8

Bond Information

Issuer: California Municipal Finance Authority
Date of Issuance: 05/18/11
Credit Enhancement: N/A

Information

Housing Type:	At-Risk
Geographic Area:	Los Angeles County
TCAC Project Analyst:	Velia M. Greenwood

Unit Mix

25	2-Bedroom Units
15	3-Bedroom Units
40	Total Units

Unit Type & Number		2010 Rents Targeted % of Area Median Income	2010 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
20	2 Bedrooms	50%	50%	$932
5	2 Bedrooms	60%	58%	$1,076
11	3 Bedrooms	50%	49%	$1,050
3	3 Bedrooms	60%	60%	$1,292
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$1,292

Project Financing

Estimated Total Project Cost:	$14,388,539
Estimated Residential Project Cost:	$14,388,539

Residential

Construction Cost Per Square Foot:	$33
Per Unit Cost:	$359,713

Construction Financing

Source	Amount
Merchant Capital	$8,500,000
Seller's Note	$3,872,222
Bond Interest Income	$293,493
Deferred Developer Fee	$732,844
Tax Credit Equity	$989,980

Permanent Financing

Source	Amount
Merchant Capital - A Bonds	$7,200,000
Merchant Capital - B Bonds	$1,300,000
Bond Interest Income	$293,493
Seller's Note	$1,272,222
Deferred Developer Fee	$362,905
Tax Credit Equity	$3,959,919
TOTAL	**$14,388,539**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$2,524,181
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$9,660,767
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$3,281,435
Applicable Rate:	3.40%
Qualified Basis (Acquisition):	$9,660,767
Applicable Rate:	3.40%
Maximum Annual Federal Credit, Rehabilitation:	$111,525
Maximum Annual Federal Credit, Acquisition:	$328,466
Total Maximum Annual Federal Credit:	$439,991
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,474,500
Investor/Consultant:	Hudson Housing Capital, LLC
Federal Tax Credit Factor:	$0.90000

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:	$12,184,948
Actual Eligible Basis:	$12,184,948
Unadjusted Threshold Basis Limit:	$10,360,480
Total Adjusted Threshold Basis Limit:	$19,063,283

Adjustments to Basis Limit:

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

● Project has onsite renewable generation estimated to produce 50% or more of annual electricity use as indicated in TCAC Regulations.

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 79%

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 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: The applicant's estimate of contractor profit, overhead and general requirement costs exceeds TCAC limit of 14%. The applicant is cautioned that at final review, prior to the issuance of the IRS 8609 forms, any costs or eligible basis that exceeds the limits will not be allowed.

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**
$439,991	**$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 high-speed internet or wireless (WiFi) service 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) Energy Star rated ceiling fans in all bedrooms and living rooms; or use of a whole house fan; 2) water-saving fixtures or flow restrictors in the kitchen (2 gpm or less) and bathrooms (1.5 gpm or less); 3) at least one High Efficiency Toilet (1.3 gallons per flush) or dual flush toilets per unit; 4) at least one of the following recycled materials at the deisgnated levels: a) cast-in-place concrete (20% flyash); b) carpet (25%); c) road base, fill, or landscape amendments (30%); 5) for rehabilitation Projects not subject to Title 24 Standards, use of florescent light fixtures for at least 75% of light fixtures or comparable energy saving lighting for the Project's total lighting (including community rooms and any common space) throughout the compliance period.