CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 15, 2013

Project Number   CA-13-838

Project Name   Vistas
    Site Address: 15211 Sherman Way
                              Los Angeles, CA 91405   County: Los Angeles
    Census Tract: 1272.100

Tax Credit Amounts   **Federal/Annual**   **State/Total**
    Requested: $565,387 $0
    Recommended: $565,387 $0

Applicant Information
    Applicant: RHF Foundation Inc.
    Contact: Laverne R. Joseph
    Address: 911 N. Studebaker Ave.
                      Long Beach, CA 90815
    Phone: (562) 257-5100   Fax: (562) 493-7042
    Email: Laverne.Joseph@rhf.org

    General partner(s) or principal owner(s):   Vistas RHF Housing, LLC
                                             VPH Adult Retirement Center
    General Partner Type: Joint Venture
    Developer: Retirement Housing Foundation
    Investor/Consultant: R4 Capital LLC
    Management Agent: Foundation Property Management

Project Information
    Construction Type: Acquisition & Rehabilitation
    Total # Residential Buildings: 1
    Total # of Units: 84
    No. & % of Tax Credit Units: 83   100.00%
    Federal Set-Aside Elected: 40%/60%
    Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Contract (84 units 100%)
    HCD MHP Funding: No
    55-Year Use/Affordability: Yes
    Number of Units @ or below 50% of area median income: 26
    Number of Units @ or below 60% of area median income: 57

Bond Information
    Issuer: Los Angeles Housing Department
    Expected Date of Issuance: May 15, 2013
    Credit Enhancement: N/A

Information

Housing Type:	Seniors
Geographic Area:	City of Los Angeles
TCAC Project Analyst:	Connie Osorio

Unit Mix

22 SRO/Studio Units
62 1-Bedroom Units
84 Total Units

Unit Type & Number		2013 Rents Targeted % of Area Median Income	2013 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
8	SRO/Studio	50%	50%	$725
14	SRO/Studio	60%	60%	$870
18	1 Bedroom	50%	50%	$777
43	1 Bedroom	60%	60%	$932
1	1 Bedroom	Manager's Unit	Manager's Unit	$0

Project Financing

Estimated Total Project Cost:	$22,213,844
Estimated Residential Project Cost:	$22,213,844

Residential

Construction Cost Per Square Foot:	$74
Per Unit Cost:	$264,451

Construction Financing

Source	Amount
Citibank	$10,707,534
Seller Loan	$6,551,470
Existing Reserves	$522,818
Limited Partner Equity	$616
Tax Credit Equity	$1,232,544

Permanent Financing

Source	Amount
Citibank	$7,905,469
Seller Loan	$6,551,470
Income from Operations	$1,070,753
Existing Reserves	$522,818
General Partner Equity	$616
Tax Credit Equity	$6,162,718
TOTAL	**$22,213,844**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$7,653,059
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$7,832,272
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$9,948,976
Applicable Rate:	3.20%
Qualified Basis (Acquisition):	$7,832,272
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	$314,755
Maximum Annual Federal Credit, Acquisition:	$250,632
Total Maximum Annual Federal Credit:	$565,387
Approved Developer Fee in Project Cost:	$2,066,927
Approved Developer Fee in Eligible Basis:	$1,705,815
Investor/Consultant:	R4 Capital LLC
Federal Tax Credit Factor:	$1.09000

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:	$15,485,331
Actual Eligible Basis:	$15,485,331
Unadjusted Threshold Basis Limit:	$16,615,812
Total Adjusted Threshold Basis Limit:	$23,428,295

Adjustments to Basis Limit:
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: 31%

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 3.20% 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: None

Local Reviewing Agency:
The Local Reviewing Agency, City of Los Angeles, Los Angeles Housing Department, has completed a site review of this project and 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**
$565,387	**$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 a reservation 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 the following service amenities 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
  ● Contract with a full time equivalent bona fide service coordinator / social worker for a minimum number of hours per year on-site