

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2013 First Round
June 12, 2013

Project Number CA-13-015

Project Name Cabrillo Gateway
 Site Address: 2001 River Avenue
 Long Beach, CA 90810 County: Los Angeles
 Census Tract: 5728.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,319,442	\$0
Recommended:	\$2,319,442	\$0

Applicant Information

Applicant: Century Villages at Cabrillo, Inc.
 Contact: Brian D'Andrea
 Address: 1000 Corporate Pointe
 Culver City, CA 90230
 Phone: 310-642-2059 Fax: 310-258-0701
 Email: bdandrea@centuryhousing.org

General partner(s) or principal owner(s): Century Villages at Cabrillo, Inc.
 General Partner Type: Nonprofit
 Developer: Century Villages at Cabrillo, Inc.
 Investor/Consultant: California Housing Partnership Corporation
 Management Agent(s): Beacon Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 81
 No. & — of Tax Credit Units: 80 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project-based Vouchers (80 Units / 100%)
 Average Targeted Affordability of Special Needs/SRO Project Units: 40.00%
 Affordability Breakdown by Units and — (Lowest Income Points):

30% AMI:	16	20 %
40% AMI:	8	10 %
50% AMI:	32	40 %

Information

Set-Aside: Nonprofit Homeless Assistance
 Housing Type: Large Family
 Type of Special Needs: Homeless and Homeless with Disabilities
 — of Special Need Units: 40 units 50%
 Geographic Area: Balance of Los Angeles County
 TCAC Project Analyst: Jack Waegell

Unit Mix

40 1-Bedroom Units
 17 2-Bedroom Units
24 3-Bedroom Units
 81 Total Units

<u>Unit Type & Number</u>	<u>2013 Rents Targeted % of Area Median Income</u>	<u>2013 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
* 8 1 Bedroom	30%	30%	\$466
** 4 1 Bedroom	40%	40%	\$621
** 8 1 Bedroom	50%	50%	\$776
8 1 Bedroom	50%	50%	\$776
12 1 Bedroom	60%	60%	\$932
* 3 2 Bedrooms	30%	30%	\$559
** 1 2 Bedrooms	40%	40%	\$746
** 4 2 Bedrooms	50%	50%	\$932
3 2 Bedrooms	50%	50%	\$932
5 2 Bedrooms	60%	60%	\$1,119
* 5 3 Bedrooms	30%	30%	\$646
** 3 3 Bedrooms	40%	40%	\$861
** 4 3 Bedrooms	50%	50%	\$1,076
5 3 Bedrooms	50%	50%	\$1,076
7 3 Bedrooms	60%	60%	\$1,292
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

* Homeless with Disabilities (16 units) - CalHFA MHSA / Los Angeles Department of Mental Health

** Homeless (24 units)

Project Financing

Estimated Total Project Cost:	\$33,196,077
Estimated Residential Project Cost:	\$33,196,077

Residential

Construction Cost Per Square Foot:	\$213
Per Unit Cost:	\$409,828

Construction Financing

Source	Amount
Citibank	\$23,440,465
Century Housing Corporation	\$888,218
CalHFA MHSA	\$1,600,000
AHP	\$800,000
Land Lease Donation from CVC	\$2,350,000
Deferred Development Costs	\$1,818,608
Tax Credit Equity	\$2,298,786

Permanent Financing

Source	Amount
Citibank - Tranche A	\$824,700
Citibank - Tranche B	\$2,935,300
Century Housing Corporation	\$888,218
CalHFA MHSA	\$1,600,000
AHP	\$800,000
Land Lease Donation from CVC	\$2,350,000
Tax Credit Equity	\$23,797,859
TOTAL	\$33,196,077

Determination of Credit Amount(s)

Requested Eligible Basis:	\$19,824,287
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$25,771,573
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,319,442
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$1.02602

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:	\$19,824,287
Actual Eligible Basis:	\$27,751,280
Unadjusted Threshold Basis Limit:	\$17,599,472
Total Adjusted Threshold Basis Limit:	\$25,084,151

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

Parking Beneath Residential Units

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

- 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:	42.366%

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. 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 has HUD Section 8 project-based vouchers through the Housing Authority of the City of Long Beach covering 100% (80 units) of the units.

Half of the low-income units (40 units) will serve special needs tenants consisting of homeless individuals or families. In addition, 16 of these units will be set aside for MHSA-eligible households with physical and/or mental disabilities.

This project is the fourth phase, on approximately 2 acres, within the 27-acre Century Villages at Cabrillo master planned community that the applicant has been developing on the former Long Beach Naval Station. The other phases are also tax credit projects and they share many of the community amenities within the 27-acre campus.

The outdoor play/recreational facilities required under the large family housing type are being provided in close proximity to the project site within the master planned community as allowed under regulation section 10325(g)(1)(D) as approved by the Executive Director. These facilities include play structures (identified in the application as the KaBoom playspace), a basketball court, and a sand volleyball court all within approximately 530 to 690 feet of the project site.

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 Long Beach, 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
\$2,319,442	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness to Proceed 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.

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	20	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 1/4 mile of a public school that project's children may attend	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Service Amenities	10	10	10
LARGE FAMILY HOUSING TYPE INCLUDING 50+ HOMELESS			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Other Services Specialist, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, minimum 60 hrs/yr instruction	5	5	5
Health & wellness services and programs, minimum 40 hrs per 100 bdrms	2	2	2
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION			
Develop project in accordance w/ requirements of: LEED	5	5	5
Develop project to requirements of: LEED Silver	3	3	3
Energy efficiency beyond CA Building Code Title 24 requirements: 17.5%	3	3	3
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	148	148	148

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.