

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

Project Number CA-13-081

Project Name Whittier Senior Housing
 Site Address: 7215 Bright Ave.
 Whittier, CA 90602 County: Los Angeles
 Census Tract: 5015.040

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,246,791	\$0
Recommended:	\$1,246,791	\$0

Applicant Information

Applicant: Thomas Safran & Associates
 Contact: Anthony Yannatta
 Address: 11812 San Vicente Blvd. #600
 Los Angeles, CA 90049 CA 90049
 Phone: (310) 820-4888 Fax: (310) 207-6986
 Email: anthony@tsahousing.com

General partner(s) or principal owner(s): Thomas Safran & Associates
 Housing Corporation of America
 General Partner Type: Joint Venture
 Developer: Thomas Safran & Associates
 Investor/Consultant: Union Bank, N.A.
 Management Agent(s): Thomas Safran & Associates, Inc.

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 1
 Total # of Units: 156
 No. & % of Tax Credit Units: 155 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project-based Contract (140 Units / 90%)
 Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	16	10 %
40% AMI:	31	20 %
50% AMI:	62	40 %

Information

Set-Aside: At-Risk
 Housing Type: Seniors
 Geographic Area: Balance of Los Angeles County
 TCAC Project Analyst: Jack Waegell

Unit Mix

105 SRO/Studio Units
 50 1-Bedroom Units
 1 2-Bedroom Units

 156 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>
11 SRO/Studio	30%	30%	\$435
5 1 Bedroom	30%	30%	\$466
21 SRO/Studio	40%	40%	\$580
10 1 Bedroom	40%	40%	\$621
42 SRO/Studio	50%	50%	\$725
20 1 Bedroom	50%	50%	\$776
6 SRO/Studio	55%	55%	\$797
9 1 Bedroom	55%	55%	\$854
25 SRO/Studio	60%	60%	\$870
6 1 Bedroom	60%	60%	\$932
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$32,099,820
 Estimated Residential Project Cost: \$32,099,820

Residential

Construction Cost Per Square Foot: \$111
 Per Unit Cost: \$205,768

Construction Financing

<u>Source</u>	<u>Amount</u>
PNC Bank, Tranche A (HUD 221(d)(4))	\$12,927,731
PNC Bank, Tranche B (HUD 221(d)(4))	\$2,891,269
Seller Financing	\$2,000,000
NOI During Construction	\$190,969
Deferred Developer Fee	\$2,000,000
Tax Credit Equity	\$11,126,494

Permanent Financing

<u>Source</u>	<u>Amount</u>
PNC Bank, Tranche A (HUD 221(d)(4))	\$12,927,731
PNC Bank, Tranche B (HUD 221(d)(4))	\$2,891,269
Seller Financing	\$2,000,000
NOI During Construction	\$190,969
AHP	\$500,000
Deferred Developer Fee	\$499,858
Tax Credit Equity	\$13,089,993
TOTAL	\$32,099,820

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$10,320,459
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$1,228,029
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$13,416,597
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$1,228,029
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$1,207,496
Maximum Annual Federal Credit, Acquisition:	\$39,296
Total Maximum Annual Federal Credit:	\$1,246,792
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Union Bank, N.A.
Federal Tax Credit Factor:	\$1.04990

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:	\$11,548,488
Actual Eligible Basis:	\$27,746,488
Unadjusted Threshold Basis Limit:	\$25,664,770
Total Adjusted Threshold Basis Limit:	\$33,564,201

Adjustments to Basis Limit:

Required to Pay Prevailing Wages
Seismic Upgrading
95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First: **Seniors**
Second: **43.300%**

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, 3.20%. 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 contracts covering 140 units (90%) through May 31, 2014. The applicant has received a HUD comfort letter regarding the anticipated 20-year renewal of the contracts.

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 Whittier, 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
\$1,246,791	\$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.

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.

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Cost Efficiency	20	11	11
Public Funds	20	9	9
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 regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within ½ mile of public park or community center open to general public	2	2	2
Within ¼ mile of public library	3	3	3
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Senior project within ½ mile of daily operated senior center/facility	2	2	2
Within ½ mile of a pharmacy	1	1	1
Service Amenities	10	10	10
SENIOR HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 1,000 bedrooms	3	3	3
Adult ed/health & wellness/skill bldg classes, minimum 84 hrs/yr instruction	7	7	7
Sustainable Building Methods	10	10	10
Rehabilitate to improve energy efficiency (change in HERS II rating): 20%	5	5	5
Additional rehab measures: PV generation that offsets tenant loads	3	3	3
Additional rehab measures: Sustainable Building Mgmt Practices	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.