

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
March 19, 2014**

Project Number CA-14-819

Project Name Liberty Village Apartments
Site Address: 298 West Chanslor Avenue
Richmond, CA 94801 County: Contra Costa
Census Tract: 3770.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$505,668	\$0
Recommended:	\$505,668	\$0

Applicant Information

Applicant: LIH Liberty Village LP
Contact: Shaoul Levy
Address: 201 Wilshire Blvd, 2nd Floor
Santa Monica, CA 90401
Phone: 310-883-7900 Fax: 310-917-1101
Email: jacob@levyaffiliated.com

General Partner(s) or Principal Owner(s): LIH Liberty Village LLC
Casa Major, Inc.
General Partner Type: Joint Venture
Parent Company(ies): Levy Affiliated
Casa Major, Inc.
Developer: LIH Liberty Village LLC
Investor/Consultant: R4 Capital LLC
Management Agent: Platinum Realty Management

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 50
Total # of Units: 100
No. & % of Tax Credit Units: 99 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 10
Number of Units @ or below 60% of area median income: 89

Bond Information

Issuer: CSCDA
 Expected Date of Issuance: April 17, 2014
 Credit Enhancement: Citibank, N.A.

Information

Housing Type: Non-Targeted
 Geographic Area: North and East Bay Region
 TCAC Project Analyst: Connie Harina

Unit Mix

9 1-Bedroom Units
 67 2-Bedroom Units
 24 3-Bedroom Units

 100 Total Units

<u>Unit Type & Number</u>	<u>2014 Rents Targeted % of Area Median Income</u>	<u>2014 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
7 1 Bedroom	60%	56%	\$966
60 2 Bedrooms	60%	54%	\$1,111
22 3 Bedrooms	60%	57%	\$1,369
1 1 Bedroom	50%	50%	\$862
7 2 Bedrooms	50%	50%	\$1,035
2 3 Bedrooms	50%	50%	\$1,196
1 1 Bedroom	Manager's Unit	Manager's Unit	\$918

Project Financing

Estimated Total Project Cost: \$17,877,714
 Estimated Residential Project Cost: \$17,877,714

Residential

Construction Cost Per Square Foot: \$45
 Per Unit Cost: \$178,777

Construction Financing

<u>Source</u>	<u>Amount</u>
CSCDA - Tax Exempt Bonds	\$12,250,000
General Partner Loan	\$1,000,000
Construction Period Income	\$650,000
Deferred Developer Fee	\$1,713,680
Tax Credit Equity	\$2,264,034

Permanent Financing

<u>Source</u>	<u>Amount</u>
CSCDA - Tax Exempt Bonds	\$10,000,000
General Partner Loan	\$1,000,000
Construction Period Income	\$650,000
Deferred Developer Fee	\$1,373,301
Tax Credit Equity	\$4,854,413
TOTAL	\$17,877,714

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$4,867,091
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$9,474,905
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$6,327,218
Qualified Basis (Acquisition):	\$9,474,905
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$202,471
Maximum Annual Federal Credit, Acquisition:	\$303,197
Total Maximum Annual Federal Credit:	\$505,668
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,870,695
Investor/Consultant:	R4 Capital LLC
Federal Tax Credit Factor:	\$0.96000

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:	\$14,341,996
Actual Eligible Basis:	\$14,341,996
Unadjusted Threshold Basis Limit:	\$29,703,118
Total Adjusted Threshold Basis Limit:	\$32,673,430

Adjustments to Basis Limit:

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 10%

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 meet 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:

This project is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Liberty Village Apartments (CA-98-964).

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
\$505,668	\$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: None