

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

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

**Project Number** CA-14-824

**Project Name** Roberta Stephens Villas I & II

Site Address:	Roberta Stephens Villas I 1035 East 27th Street Los Angeles, CA 90011	Roberta Stephens Villas II 1113 East 27th Street Los Angeles, CA 90011
Census Tract:	2270.2	2264.2
County:	Los Angeles	

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$328,709	\$0
Recommended:	\$328,709	\$0

**Applicant Information**

Applicant: Roberta Stephens Villas Preservation, L.P.  
Contact: Noreen McClendon  
Address: 4707 South Central Avenue  
Los Angeles, CA 90011  
Phone: (323) 846-2500 Fax: (323) 846-2508  
Email: nmclendon@sbcglobal.net

General Partner(s) or Principal Owner(s):	Concerned Citizens of South Central Los Angeles
General Partner Type:	Nonprofit
Parent Company(ies):	Concerned Citizens of South Central Los Angeles
Developer:	Concerned Citizens of South Central Los Angeles CP Preservation Housing, LLC
Investor/Consultant:	WNC
Management Agent:	Concerned Citizens of South Central Los Angeles

**Project Information**

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	2
Total # of Units:	40
No. & % of Tax Credit Units:	39 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / CDBG
HCD MHP Funding:	No
55-Year Use/Affordability:	Yes
Number of Units @ or below 35% of area median income:	22
Number of Units @ or below 60% of area median income:	17

**Bond Information**

Issuer: City of Los Angeles - HCID  
 Expected Date of Issuance: June 19, 2014  
 Credit Enhancement: N/A

**Information**

Housing Type: Large Family  
 Geographic Area: City of Los Angeles  
 TCAC Project Analyst: Marisol Parks

**Unit Mix**

22 2-Bedroom Units  
 18 3-Bedroom Units  


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 40 Total Units

<u>Unit Type &amp; 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>
<b>Roberta Stephens Villas I</b>			
4 2 Bedrooms	35%	35%	\$642
5 2 Bedrooms	60%	60%	\$1,101
8 3 Bedrooms	35%	35%	\$742
5 3 Bedrooms	60%	60%	\$1,272
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0
<b>Roberta Stephens Villas II</b>			
6 2 Bedrooms	35%	35%	\$642
6 2 Bedrooms	60%	60%	\$1,101
4 3 Bedrooms	35%	35%	\$742
1 3 Bedrooms	60%	60%	\$1,272

**Project Financing**

Estimated Total Project Cost:	\$12,226,803
Estimated Residential Project Cost:	\$12,226,803

**Residential**

Construction Cost Per Square Foot:	\$34
Per Unit Cost:	\$305,670

**Construction Financing**

Source	Amount
LSA Capital	\$5,000,000
LA-HCID - CDBG	\$1,723,388
HCD - RHCP	\$2,371,036
Replacement Reserves	\$5,678
Century Housing	\$2,226,000
Deferred Developer Fee	\$612,248
Tax Credit Equity	\$288,454

**Permanent Financing**

Source	Amount
LSA Capital	\$2,224,535
LA-HCID - CDBG	\$1,723,388
HCD - RHCP	\$2,371,036
Replacement Reserves	\$5,678
Century Housing	\$2,226,000
Income During Construction	\$95,878
Deferred Developer Fee	\$424,999
Tax Credit Equity	\$3,155,289
<b>TOTAL</b>	<b>\$12,226,803</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$2,947,808
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$6,440,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$3,832,151
Qualified Basis (Acquisition):	\$6,440,000
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$122,629
Maximum Annual Federal Credit, Acquisition:	\$206,080
Total Maximum Annual Federal Credit:	\$328,709
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,224,497
Investor/Consultant:	WNC
Federal Tax Credit Factor:	\$0.95990

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:	\$9,387,808
Actual Eligible Basis:	\$9,387,808
Unadjusted Threshold Basis Limit:	\$11,133,888
Total Adjusted Threshold Basis Limit:	\$25,830,621

**Adjustments to Basis Limit:**

Required to Pay Prevailing Wages  
 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 112%

**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 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$328,709</b>	<b>\$0</b>

**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