

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2016 Second Round**  
**September 21, 2016**

Athens Vistas, located at 1248-1314 W. 105th Street in Los Angeles, requested and is being recommended for a reservation of \$1,506,424 in annual federal tax credits and \$3,859,831 in total state tax credits to finance the new construction 73 units of housing serving special needs tenants and seniors with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by HDC Athens LLC and will be located in Senate District 30 and Assembly District 62.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

**Project Number** CA-16-087

**Project Name** Athens Vistas  
 Site Address: 1248-1314 W. 105th St.  
 Los Angeles, CA 90044 County: Los Angeles  
 Census Tract: 6002.020

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,506,424	\$3,859,831
Recommended:	\$1,506,424	\$3,859,831

**Applicant Information**

Applicant: Athens Vistas LP  
 Contact: Carolina Romo  
 Address: 2400 N. Lincoln Ave.  
 Altadena, CA 91001  
 Phone: 626-296-6298  
 Email: carolina.romo@lacdc.org

General Partner(s) / Principal Owner(s): HDC Athens LLC  
 VP Athens LLC

General Partner Type: Joint Venture

Parent Company(ies): Los Angeles County Housing Development Corp.  
 Veloce Partners Inc.

Developer: HDC Athens LLC

Investor/Consultant: National Equity Fund, Inc.

Management Agent(s): FPI Management Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 74  
 No. & % of Tax Credit Units: 73 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HOME / HUD Section 8 Project-based Vouchers (37 units - 51%)  
 Average Targeted Affordability of Special Needs/SRO Project Units: 30.00%  
 Affordability Breakdown by Units and % (Lowest Income Points):  
     30% AMI: 37 50 %  
     50% AMI: 36 40 %

**Information**

Set-Aside: N/A  
 Housing Type: Special Needs  
 Type of Special Needs: Homeless  
 % of Special Need Units: 37 units 51%  
 Geographic Area: Balance of Los Angeles County  
 TCAC Project Analyst: Jack Waegell

**Unit Mix**

74 1-Bedroom Units  
 74 Total Units

<u>Unit Type &amp; Number</u>	<u>2016 Rents Targeted % of Area Median Income</u>	<u>2016 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
37 1 Bedroom	30%	30%	\$488
36 1 Bedroom	50%	40%	\$651
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,528,000
Construction Costs	\$16,124,312
Rehabilitation Costs	\$0
Construction Contingency	\$1,619,932
Relocation	\$0
Architectural/Engineering	\$1,406,596
Const. Interest, Perm. Financing	\$1,273,110
Legal Fees, Appraisals	\$170,000
Reserves	\$490,000
Other Costs	\$1,458,014
Developer Fee	\$2,000,000
Commercial Costs	\$0
<b>Total</b>	<b>\$26,069,964</b>

**Project Financing**

Estimated Total Project Cost:	\$26,069,964
Estimated Residential Project Cost:	\$26,069,964
Estimated Commercial Project Cost:	\$0

**Residential**

Construction Cost Per Square Foot:	\$221
Per Unit Cost:	\$352,297
True Cash Per Unit Cost*:	\$352,297

**Construction Financing**

Source	Amount
Citibank	\$16,200,000
Los Angeles (LA) County - HOME/AHTF	\$4,575,900
LA County CDC - Seller Loan	\$1,350,000
Deferred Fees & Costs	\$2,100,000
Tax Credit Equity	\$1,844,064

**Permanent Financing**

Source	Amount
Citibank - Tranche B Loan	\$1,250,000
LA County - HOME/AHTF	\$4,575,900
LA County CDC - Seller Loan	\$1,350,000
Tax Credit Equity	\$18,894,064
<b>TOTAL</b>	<b>\$26,069,964</b>

\*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$12,875,418
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$16,738,043
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,506,424
Total State Credit:	\$3,859,831
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	National Equity Fund, Inc.
Federal Tax Credit Factor:	\$1.08000
State Tax Credit Factor:	\$0.68000

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:	\$12,875,418
Actual Eligible Basis:	\$22,234,590
Unadjusted Threshold Basis Limit:	\$14,281,334
Total Adjusted Threshold Basis Limit:	\$18,565,734

**Adjustments to Basis Limit**

Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages  
95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First: **Special Needs**  
Final: **40.307%**

**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 9.0% 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 special needs project will consist of 73 tax credit units including 37 units (51%) serving homeless seniors and seniors with chronic health disabilities, and 36 units (49%) serving seniors. The service amenities being provided on site will be available to all tenants.

**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 Community Development Commission of the County of Los Angeles, 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$1,506,424</b>	<b>\$3,859,831</b>

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. 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 fifteen 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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Public Funds	20	20	20
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ½ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ¾ mile of public park or community center open to general public	2	2	2
Within ½ 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
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
SPECIAL NEEDS HOUSING TYPE			
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
NEW CONSTRUCTION			
Develop project in accordance w/ requirements of LEED	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>138</b>	<b>138</b>	<b>138</b>

**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.**