CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 19, 2016

New Park Place, located at 2500 W. 4th Street in Los Angeles, requested and is being recommended for a reservation of $353,325 in annual federal tax credits to finance the acquisition and rehabilitation of 48 units of housing serving large families with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Abode Communities and is located in Senate District 24 and Assembly District 53.

New Park Place is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Park Place (CA-94-032). See **Special Issues/Other Significant Information** below for additional re-syndication information. The project financing includes state funding from the RHCP program of HCD.

Project Number CA-16-958

Project Name New Park Place
Site Address: 2500 W. 4th Street
Los Angeles, CA 90057 County: Los Angeles
Census Tract: 2088.020

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$353,325	$0
Recommended:	$353,325	$0

Applicant Information

Applicant:	New Park Place, L.P.
Contact:	Karl Lauff
Address:	1149 S. Hill St., Suite 700 Los Angeles, CA 90015
Phone:	(213) 225-2808 Fax: (213) 225-2709
Email:	klauff@abodecommunities.org

General Partner(s) or Principal Owner(s):	Park Place Terrace Repurchase, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Abode Communities
Developer:	Abode Communities
Investor/Consultant:	California Housing Partnership Corporation
Management Agent:	Abode Communities

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	2
Total # of Units:	49
No. & % of Tax Credit Units:	48 100.00%
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 50% of area median income:	24
Number of Units @ or below 60% of area median income:	24

Bond Information

Issuer:	City of Los Angeles
Expected Date of Issuance:	November 15, 2016
Credit Enhancement:	N/A

Information

Housing Type:	Large Family
Geographic Area:	City of Los Angeles
TCAC Project Analyst:	Jack Waegell

Unit Mix

14 2-Bedroom Units
35 3-Bedroom Units
49 Total Units

Unit Type & Number		2016 Rents Targeted % of Area Median Income	2016 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
7	2 Bedrooms	50%	33%	$636
1	2 Bedrooms	50%	40%	$775
6	2 Bedrooms	60%	44%	$856
15	3 Bedrooms	50%	37%	$845
1	3 Bedrooms	50%	47%	$1,069
18	3 Bedrooms	60%	50%	$1,117
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$8,232,157
Construction Costs	$0
Rehabilitation Costs	$2,476,979
Construction Contingency	$376,191
Relocation	$65,823
Architectural/Engineering	$330,000
Const. Interest, Perm. Financing	$1,131,199
Legal Fees, Appraisals	$145,000
Reserves	$202,025
Other Costs	$482,323
Developer Fee	$1,275,392
Commercial Costs	$0
Total	**$14,717,089**

Project Financing	
Estimated Total Project Cost:	$14,717,089
Estimated Residential Project Cost:	$14,717,089
Estimated Commercial Project Cost:	$0

Residential	
Construction Cost Per Square Foot:	$50
Per Unit Cost:	$300,349
True Cash Per Unit Cost*:	$291,463

Construction Financing

Source	Amount
Union Bank	$6,000,000
HCD - RHCP & Interest (Assumed)	$3,983,327
HCD - Deferred Interest	$112,700
HCID/LA - CDBG (Assumed)	$3,705,000
HCID/LA - Deferred Interest	$333,500
GP Sponsor Loan	$80,000
GP Sponsor Loan - Deferred Interest	$2,900
Deferred Developer Fee/G.P. Equity	$435,431
Tax Credit Equity	$64,231

Permanent Financing

Source	Amount
CCRC	$2,159,300
HCD - RHCP & Interest (Assumed)	$3,983,327
HCD - Deferred Interest	$112,700
HCID/LA - CDBG (Assumed)	$3,705,000
HCID/LA - Deferred Interest	$333,500
GP Sponsor Loan	$80,000
GP Sponsor Loan - Deferred Interest	$2,900
Income during construction	$89,021
Deferred Developer Fee/G.P. Equity	$435,431
Tax Credit Equity	$3,815,910
TOTAL	**$14,717,089**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$4,770,548
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$5,007,460
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$6,201,713
Qualified Basis (Acquisition):	$5,007,460
Applicable Rate:	3.25%
Maximum Annual Federal Credit, Rehabilitation:	$190,583
Maximum Annual Federal Credit, Acquisition:	$162,742
Total Maximum Annual Federal Credit:	$353,325
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,275,392
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$1.08000

Per Regulation Section 10322(h)(9)(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:	$9,778,008
Actual Eligible Basis:	$9,778,008
Unadjusted Threshold Basis Limit:	$15,758,400
Total Adjusted Threshold Basis Limit:	$23,637,600

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: 50%

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 3.25% 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
TCAC approved a partial waiver of the minimum construction standard's Chapter 11(B) accessibility requirements under TCAC Regulation Section 10325(f)(7)(K). Specifically, five percent (5%) of the units shall be required to meet the requirements of Chapter 11(B) with the exception of requirements that would necessitate moving load bearing components, including but not limited to load bearing walls or structural posts, in order to meet Chapter 11(B) requirements, and an additional five percent (5%) of the units shall meet the requirements of Chapter 11(B) with the exception of requirements that would necessitate moving walls or other structural modifications, including but not limited to stairs, ceilings, or floors, in order to meet Chapter 11(B) requirements.

To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. The initial 15 year compliance period is from 1/1//1996 through 12/31/2010. The existing regulatory agreement expires 12/31/2050. The existing regulatory agreement income targeting is 20 units at or below 50% AMI and 28 units at or below 60% AMI. The newly resyndicated project shall continue to meet the rent and income targeting limits in the existing regulatory agreement(s) and any deeper targeting in the new regulatory agreement for the duration of the new regulatory agreement.

The project is a re-syndication occurring concurrently with at Transfer Event without distribution of Net Project Equity, and thus is waived from setting aside a Short Term Capitalized Replacement Reserve in the amount of $254,800 that is otherwise required.

Local Reviewing Agency
The Local Reviewing Agency, the City of Los Angeles Housing and Community Investment Department, 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**
$353,325	**$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.