

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2020 Second Round

October 14, 2020

Tyler - Valley Metro Housing, located at 3637 & 3649 Tyler Avenue in El Monte, requested and is being recommended for a reservation of \$2,199,287 in annual federal tax credits to finance the new construction of 53 units of housing serving large families with rents affordable to households earning 30-60% AMI of area median income (AMI). The project will be developed by the Cesar Chavez Foundation and will be located in Senate District 48 and Assembly

Project Number CA-20-082

Project Name Tyler - Valley Metro Housing
Site Address: 3637 & 3649 Tyler Avenue
El Monte, CA 91731 County: Los Angeles
Census Tract: 4327.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,199,287	\$0
Recommended:	\$2,199,287	\$0

Applicant Information

Applicant: Vista del Monte Affordable Housing, Inc.
Contact: Alfredo Izmajtovich
Address: 316 W. 2nd Street #600
Los Angeles, CA 90012
Phone: 213-362-0260
Email: alfredo@cesarchavezfoundation.org

General Partner(s) / Principal Owner(s): Vista del Monte Affordable Housing, Inc.
General Partner Type: Nonprofit
Parent Company(ies): Cesar Chavez Foundation
Developer: Cesar Chavez Foundation
Management Agent(s): Cesar Chavez Foundation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 53
No. & % of Tax Credit Units: 52 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: N/A

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Balance of Los Angeles County
TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI:	6 10%
At or Below 40% AMI:	6 10%
At or Below 45% AMI:	6 10%
At or Below 50% AMI:	19 35%
At or Below 60% AMI:	15 25%

Unit Mix

25 1-Bedroom Units
14 2-Bedroom Units
14 3-Bedroom Units
53 Total Units

Unit Type & Number	2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
2 1 Bedroom	30%	30%	\$634
2 1 Bedroom	40%	40%	\$845
2 1 Bedroom	45%	45%	\$950
10 1 Bedroom	50%	50%	\$1,056
9 1 Bedroom	60%	60%	\$1,267
2 2 Bedrooms	30%	30%	\$760
2 2 Bedrooms	40%	40%	\$1,014
2 2 Bedrooms	45%	45%	\$1,140
4 2 Bedrooms	50%	50%	\$1,267
3 2 Bedrooms	60%	60%	\$1,520
2 3 Bedrooms	30%	30%	\$878
2 3 Bedrooms	40%	40%	\$1,171
2 3 Bedrooms	45%	45%	\$1,318
5 3 Bedrooms	50%	50%	\$1,464
3 3 Bedrooms	60%	60%	\$1,757
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,806,028
Construction Costs	\$14,000,259
Rehabilitation Costs	\$0
Construction Contingency	\$1,472,794
Relocation	\$0
Architectural/Engineering	\$1,010,300
Const. Interest, Perm. Financing	\$1,340,816
Legal Fees	\$230,000
Reserves	\$151,125
Other Costs	\$3,595,504
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$27,806,826

Residential

Construction Cost Per Square Foot:	\$295
Per Unit Cost:	\$524,657
True Cash Per Unit Cost*:	\$511,735

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citi Community Capital	\$9,370,055	Citi Community Capital	\$3,797,553
City of El Monte - Land Note	\$974,546	City of El Monte - Land Note	\$974,546
City of El Monte - Low/Mod loan	\$500,000	City of El Monte - Low/Mod loan	\$500,000
City of El Monte - Impact Fee Waiver	\$684,866	City of El Monte - Impact Fee Waiver	\$684,866
City of El Monte - DOR Fee Waiver	\$870,000	City of El Monte - DOR Fee Waiver	\$870,000
City of El Monte - Art Fee Waiver	\$100,000	City of El Monte - Art Fee Waiver	\$100,000
		Tax Credit Equity	\$20,453,370
		TOTAL	\$27,806,826

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$18,797,330
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$24,436,529
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,199,287
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Boston Financial Investment Mgmt.
Federal Tax Credit Factor:	\$0.93000

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, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$18,797,330
Actual Eligible Basis:	\$21,109,206
Unadjusted Threshold Basis Limit:	\$18,615,262
Total Adjusted Threshold Basis Limit:	\$22,750,907

Adjustments to Basis Limit

Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels
 Local Development Impact Fees
 95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Large Family
Final:	22.223%

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 or 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, or, in the case of acquisition credit or credit combined with federal subsidies, 3.24%. 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.

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, City of El Monte, has completed a site review of this project and strongly supports this project.

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.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

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)(5) 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.

Points System	Max. Possible Points	Requested Points	Points Awarded
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	20	15
Within ¼ 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 ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1 mile of a public high school that project children may attend	3	3	3
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: LEED	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	113	113	113

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.