

## MEMORANDUM

**DATE:** November 18, 2015

**TO:** Board of Directors  
The Long Beach Community Investment Company

**FROM:** *A. Bodek*  
Amy J. Bodek, President

**SUBJECT:** Approval of a Loan to Century Housing for the development of The Beacon Apartments located at 1201-1235 Long Beach Boulevard (CD 1)

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### RECOMMENDATION:

1. Approve a construction loan in the amount of \$12,276,000, and a permanent loan in the amount of \$10,276,000 to a Limited Liability Company to be formed by Century Housing Corporation for the development of The Beacon Apartment Project located at 1201-1235 Long Beach Boulevard;
2. Authorize the president to negotiate an Affordable Housing Loan Agreement with a Limited Liability Company to be formed by Century Housing Corporation; and,
3. Authorize the President to execute any and all documents necessary to implement the Loan Agreement and the project.

### DISCUSSION

On December 17, 2014, The Board authorized the President to negotiate and execute amendments to the Acquisition and Predevelopment Loan Agreement between The Long Beach Community Investment Company (LBCIC), and LBHA, LLC (Meta Housing Corporation); the Phase II Four Party Agreement between Meta Housing Corporation (Meta), Century Housing Corporation (Century), the LBCIC, and the City of Long Beach; and, approved an Assignment and Assumption Agreement to allow Century to assume the LBCIC loan and development responsibilities for the site located at 1201-1235 Long Beach Boulevard (Site) from Meta. A copy of the December 17, 2014 staff report is attached for reference (Attachment A).

Over the past eleven months, Century has been considering options for the development of 160 affordable units on the Site that would be both financially feasible and compatible with the adjacent 200-unit senior project and surrounding neighborhood. Options, which have been reviewed by staff and presented to the

City's executive management team, include a 160-unit senior project or a 120 unit senior project combined with a 40 unit family project. Those scenarios require up to \$20.2 million in financial assistance from the LBCIC, which is not feasible given current resources. The City's feedback to Century was that there is a desire to have senior units on the Site, but that there is also a need to leverage as much funding as possible due to the City's limited availability of affordable housing funds. Century indicated that including some supportive housing units could substantially reduce the gap funds required from the LBCIC. Staff asked Century to submit a proposal that included senior and supportive housing units.

Century is currently proposing to construct a 160-unit mixed population development that will include a 121-unit building serving extremely low-, very low-, and low-income seniors (62+), and a 40 unit supportive housing building serving veterans who are homeless or at risk of homelessness, some of whom may be disabled (Project). A site plan and renderings are attached (Attachment B). The two buildings will share one above-grade podium parking structure, and will be constructed at the same time. The Project will include 140 one-bedroom units and 20 two-bedroom units. The units will be income restricted as follows:

Income Limits	39-Unit Supportive Housing	121-Unit Senior Housing	TOTAL
Extremely-Low H&SC/Tax Credit 30%	18	8	26
Very-Low H&SC 50%/Tax Credit 30%	20	0	20
Low Tax Credit 50%	0	4	4
Low Tax Credit 60%	0	108	108
Manager's Unit	1	1	2
<b>TOTAL</b>	<b>39</b>	<b>121</b>	<b>160</b>

The Project will include a community room with a full kitchen, supportive services space, laundry rooms, computer rooms, a media room, bike storage, a gym, 200 parking spaces and approximately 7,000 square feet of retail space envisioned for eateries, cafes and public service offices. The Project will be certified as LEED Gold or better. Century has been working with Planning Bureau staff for several months on the Project's design and required entitlements, and it is anticipated that the Planning Commission will review the project in January 2016.

On September 28, 2015 Century submitted a project proforma and a request for LBCIC financial assistance for the proposed Project. The total Project development cost is estimated at \$80,435,008. Century has identified potential permanent funding sources in the amount of \$72,435,008 and is requesting \$10,276,000 in permanent financial assistance from the LBCIC, including \$2,276,000 in previously disbursed funds, and \$8,000,000 in new permanent funds. The proposed financing sources for the Project are as follows:

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	39-Unit Supportive Housing	121-Unit Senior Housing	TOTAL
<b>Development Costs</b>			
Property Acquisition Costs	3,678,844	11,414,000	15,092,844
Direct Costs	11,368,409	33,644,000	45,012,409
Indirect Costs	2,881,186	5,466,000	8,347,186
Developer Fee	2,000,000	5,853,000	7,853,000
Financing Costs	1,292,569	2,837,000	4,129,569
<b>Total Costs</b>	<b>\$21,221,008</b>	<b>\$59,214,000</b>	<b>\$80,435,008</b>
<b>Permanent Funding Sources</b>			
Tax Credit Equity	15,012,878	18,755,000	33,767,878
Permanent Loan	650,700	4,938,000	5,588,700
LBCIC (new loan)	0	8,000,000	8,000,000
LBCIC (existing loan)	0	2,276,000	2,276,000
LBCIC Deferred Interest	0	397,000	397,000
City of Long Beach Fee Waivers	212,914	672,000	884,914
AHSC (Cap and Trade)	0	10,444,000	10,444,000
AHSC (Transit & Housing Infrastructure)	0	6,000,000	6,000,000
Supportive Housing Capital (VHHP)	5,198,428	0	5,198,428
AHP/ Federal Home Loan Bank	0	1,500,000	1,500,000
Deferred Developer Fee	146,088	4,950,000	5,096,088
Developer Loan	0	1,282,000	1,282,000
<b>Total Sources</b>	<b>\$21,221,008</b>	<b>\$59,214,000</b>	<b>\$80,435,008</b>

Though Century has been successful in lowering the request for new permanent financing to \$8,000,000, Century is requesting an additional \$2,000,000 in LBCIC financing during construction in order to increase the Project's chances of receiving the competitively awarded funding from various sources. This increases the total construction period loan to \$12,276,000. The \$2,000,000 will be repaid upon construction completion and the conversion to permanent financing, resulting in a permanent loan of \$10,276,000 (\$2,276,000 in existing funds and \$8,000,000 in new funds). Staff requested Keyser Marston Associates (KMA) to review Century's proforma. KMA's analysis confirms that Century's request for \$8,000,000 in permanent financing is warranted by the Project's economics. Further, the analysis concludes that Century's request for \$2,000,000 in construction financing from the LBCIC is acceptable considering the highly competitive nature of the proposed funding sources. The KMA analysis is attached (Attachment C).

Following the dissolution of redevelopment in California, the California Legislature adopted SB341, which amended Section 34176 and added Section 34176.1 to the California Health and Safety Code. This change restricts how the Housing Asset Fund (housing debt repaid from the former Redevelopment Agency) expenditures are to be allocated to extremely low-, very low, and low-income households over a five-year period, and sets limits on the number of senior units that can be assisted by the LBCIC over a 10-year period. KMA has prepared an SB341 analysis for the project, which

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concludes that the the project is in compliance with SB341. The analysis is attached (Attachemnt D).

Based on the KMA analyses, staff recommends approval of a \$12,276,000 loan, with a \$2,000,000 repayment upon conversion to permanent financing, contingent upon the competitively awarded 9% tax credits, VHHP, AHSC funds for Affordable Housing Development, AHSC funds for Transportation-Related Improvements, and AHP. In addition, the development of the project supports the implementation of the City's Certified Housing Element Program 4.1 (Affordable Housing Development Assistance), and is therefore supported by staff. If approved, the \$10,276,000The

permanaent loan will be structured as a residual receipts note with a 3% simple interest rate and a 55-year term.

**SUGGESTED ACTION:**

Approve Recommendations.

AJB:PU:ms:

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Attachments:

- A. December 17, 2014 LBCIC Staff Report
- B. Site Plan and Renderings
- C. KMA Gap Analysis
- D. KMA SB341 Analysis



Attachment A

333 W. Ocean Blvd., 3rd Floor • Long Beach, CA 90802 • 562.570.6949 • lbcic.org

## MEMORANDUM

**DATE:** December 17, 2014

**TO:** Board of Directors  
The Long Beach Community Investment Company  
**FROM:** *Amy J. Bodek*, Amy J. Bodek, President

**SUBJECT:** Approval of Amendments to the Acquisition and Predevelopment Loan Agreement and Phase II Four Party Agreement, and Approval of an Assignment and Assumption Agreement for the Proposed Long Beach and Anaheim Phase II Project (CD 1)

### **RECOMMENDATION:**

1. Approve an Amendment to the Acquisition and Predevelopment Loan Agreement (Long Beach & Anaheim Phase II) by and among The Long Beach Community Investment Company and LBHA, LLC; and,
2. Approve an Amendment to the Phase II Four Party Agreement between Meta Housing Corporation, Century Housing Corporation, The Long Beach Community Investment Company, and the City of Long Beach; and,
3. Approve an Assignment and Assumption Agreement and all other actions necessary to affect the forgoing, with conditions; and,
4. Authorize the President to execute any and all documents necessary to implement the Amendments and Assignment and Assumption Agreement.

### **DISCUSSION**

In 2006, Meta Housing Corporation (Meta) began to acquire properties to assemble the 3.48-acre site at the southwest corner of Long Beach Boulevard and Anaheim Street. A site map is attached (Attachment A). The acquisition was facilitated by an acquisition loan in the amount of \$24,440,000 from Century Housing Corporation (Century), and an acquisition loan in the amount of \$5,152,000 from The Long Beach Community Investment Company (LBCIC). The site was fully assembled by the spring of 2007.

During the acquisition process, Meta worked with City staff to design a conceptual transit oriented development project consisting of 356 residential units, including 186 senior apartments and 170 condominium units over parking and ground floor retail space. By January 2009 the project's entitlements had been approved, and Meta began the process of assembling construction financing.

On March 17, 2009, the City Council adopted resolutions authorizing the submission of applications to the California State Department of Housing and Community Development (HCD) for the Transit Oriented Development (TOD) Housing Program and the Infill Infrastructure Grant (IIG) Program, in amounts up to \$17,000,000 and \$20,000,000 respectively. The City was required to be a joint applicant for these programs. In July 2009, the project was awarded \$25,850,649, including \$10,781,353 in TOD loan and grant funds and \$15,069,116 in IIG grant funds.

While the award of HCD funds was instrumental to the project, the developing recession and decline of the real estate market jeopardized the project's viability, especially with respect to the 170 condominium units and the retail component. Further, it became apparent that the development of the site as a single-phase project was infeasible, and Meta proposed a plan to bifurcate the development into two phases. The first phase (Phase I) would consist of 200 affordable senior rental units, and the second phase (Phase II) addressed the remaining 156 units and the retail component. The LBCIC approved the phasing plan and gap financing of up to \$13,145,000 for the development of Phase I in February 2010. The LBCIC's approval included \$2,876,000 of the \$5,152,000 acquisition loan previously approved and expended. The remaining \$2,276,000 of the LBCIC acquisition loan was applied to Phase II, and is currently secured by a Deed of Trust against that site.

On April 15, 2010, HCD approved Meta's phasing plan and also approved the use of the entire \$25,850,649 TOD and IIG funds for Phase I of the project. However, performance requirements for the use of the funds were tied to Phases I and II. Specifically, HCD required that at least 200 units be built in Phase I, and a minimum of 156 units be delivered in Phase II. HCD's approval of the phasing plan required both the City and Meta, who co-applied for the grant funds, to be jointly and severally liable for meeting the phasing plan requirements, or be jointly liable for reimbursing grant funds upon default. The City Council approved the phasing plan in December 2010. The 200 units included in Phase I have been completed, so the performance requirements for Phase I have been met. The City and Meta are currently jointly liable for the repayment of \$5,200,000 in grant funds (\$2,600,000 each) if the 156 units required in Phase II are not completed by June 25, 2017. The LBCIC agreed to pay the City's \$2,600,000 share of the HCD repayment in November 2010, however, this obligation was included on the Successor Agency's Enforceable Obligation Payment Schedule, so it is likely that the potential obligation could be paid by the Redevelopment Property Tax Trust Fund instead of the Housing Fund.

Meta assembled the remaining financing need to construct Phase I, and closed on the financing needed to begin construction in January 2011. At that time, the conditions of the development of Phase II were memorialized in an Acquisition and Predevelopment Loan Agreement between LBHA, LLC and the LBCIC, which documented, among other things, the \$2,276,000 LBCIC loan to Meta. A Phase II Four Party Agreement between Meta Housing Corporation, Century Housing Corporation, the City of Long Beach, and the LBCIC was also executed. The Phase II Four Party Agreement documented, among other things, the phasing plan and equal sharing between Meta and the City of

the obligation to repay \$5,200,000 to HCD should Phase II not be developed as required by HCD.

Although the recession has ended and the economy has continued to rebound, the development of the Phase II site, consisting of retail space, and an 80% market rate and 20% affordable housing component remains economically infeasible. Century has extended the term of its acquisition loan to Meta on several occasions, and it's currently due to expire on December 31, 2014. Rather than foreclosing on the loan, Century has proposed a workout, and has agreed to release Meta from its loan obligations, assume Meta's obligations under the LBCIC Acquisition and Predevelopment Loan and the Phase II Four Party Agreement, and become the owner and developer of the Phase II site. Meta has agreed to Century's assumption of the project and its obligations. In addition, HCD has indicated that they are willing to release Meta from its remaining obligations, and extend the Phase II completion date to June 2022.

Century Housing is a well-known affordable housing lender, and is an experienced developer with a portfolio of more than 1,000 units throughout California. Century is also the owner, developer, and manager of the Villages at Cabrillo in West Long Beach, a 27 acre supportive housing community that is home to more than 1,000 formerly homeless residents on any given night. The LBCIC has previously provided funding for the Family Commons, an 81-unit family rental complex located on the Villages at Cabrillo campus. Staff is confident that Century is qualified to assume Meta's obligations for the Phase II. Nevertheless, a thorough review of Century's financial statements and experience will be completed in conjunction with the proposed assumption.

Allowing this assumption to occur will ensure the possibility that Phase II is completed in order to meet HCD's requirements and avoid repayment of the HCD grant funds. If approved, staff will work with Century on the development of a conceptual Phase II project, which will be presented to the LBCIC for approval at a later date. In addition, the development of a Phase II project supports the implementation of the City's Certified Housing Element Program 4.1 (Affordable Housing Development Assistance), and is therefore supported by staff.

**SUGGESTED ACTION:**

Approve Recommendations with the following condition:

1. In conjunction with the assumptions, HCD must provide a formal release of Meta from its obligations, and must provide a formal extension of the Phase II completion date.

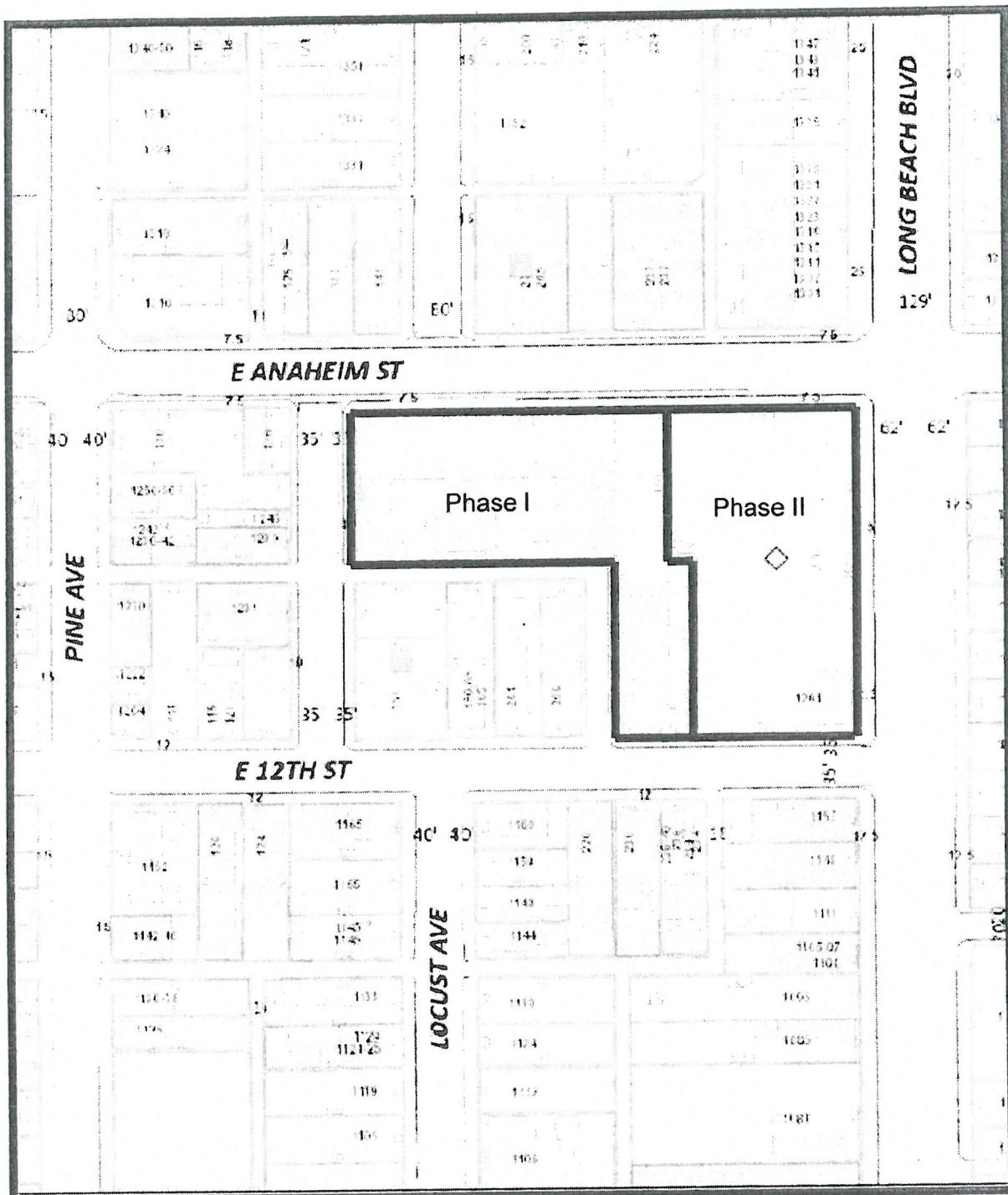
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Attachments:

- A. Site Map and Photograph

## Phase II



**LEGEND :**

- BEACON POINTE (SENIOR)
- BEACON PLACE (SUPPORTIVE HOUSING)
- RESIDENTIAL COURTYARD
- VERTICAL CIRCULATION
- LONG BEACH SENIOR ARTS COLONY
- ① BUS STOP

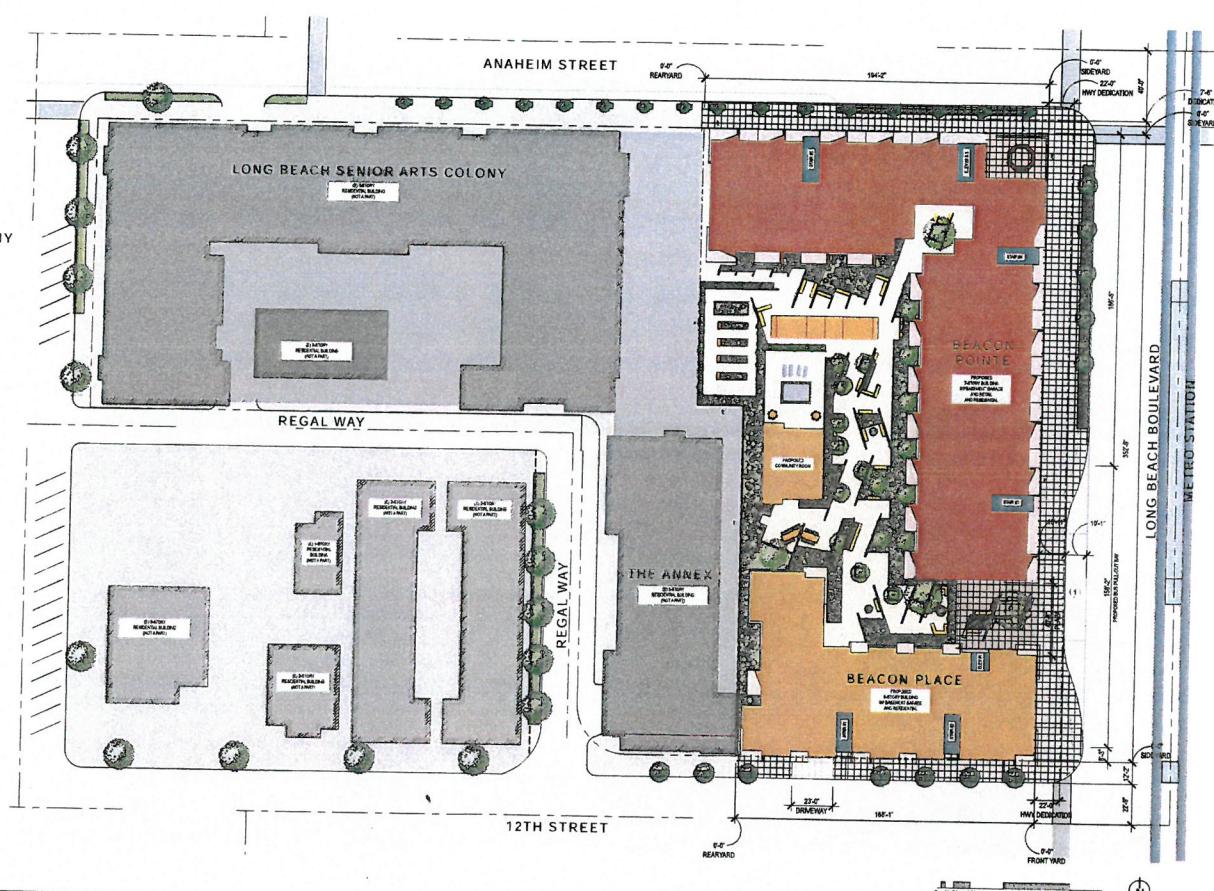
**PROJECT NARRATIVE**

LOCATED

ARCHITECTURAL MASSING AND STYLE

OPEN SPACE

OVERALL







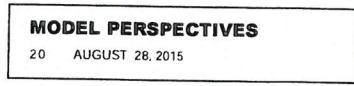
① CORNER OF LONG BEACH AND ANAHEIM



② CORNER OF LONG BEACH AND 12TH STREET



③ ANAHEIM STREET PERSPECTIVE LOOKING TOWARDS LONG BEACH BLVD



**THE BEACON, LONG BEACH**  
AT LONG BEACH BLVD AND ANAHEIM STREET

 **CENTURY**

the  
architects  
collective



④ 12TH STREET PERSPECTIVE LOOKING TOWARDS LONG BEACH BLVD



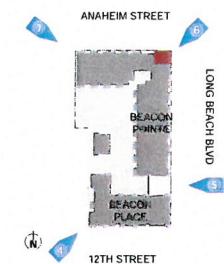
⑤ LONG BEACH BLVD PERSPECTIVE LOOKING TOWARDS PLAZA  
ADJACENT BLUE LINE STATION

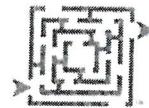


⑥ ANAHEIM STREET PERSPECTIVE LOOKING TOWARDS LONG BEACH BLVD  
AND ANAHEIM INTERSECTION



⑦ PLAZA ON ANAHEIM STREET





**KEYSER MARSTON ASSOCIATES<sup>TM</sup>**  
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

**MEMORANDUM**

**ADVISORS IN:**  
Real Estate  
Redevelopment  
Affordable Housing  
Economic Development

**To:** Patrick Ure, Housing Development Officer  
City of Long Beach

**SAN FRANCISCO**

A. Jerry Keyser  
Timothy C. Kelly  
Kate Earle Funk  
Debbie M. Kern  
Reed T. Kawahara  
David Doezeema

**From:** Julie Romey

Tim Bretz

**cc:** Meggan Sorensen, Development Project Manager III

**Date:** November 6, 2015

**Subject:** Beacon Pointe Apartments: Draft Financial Gap Analysis

Los ANGELES  
Kathleen H. Head  
James A. Rabe  
Gregory D. Soo-Hoo  
Kevin E. Engstrom  
Julie L. Romey

**SAN DIEGO**  
Paul C. Marra

At your request, Keyser Marston Associates, Inc. (KMA) reviewed the November 5, 2015 pro forma submitted by Century Housing (Developer) for the Beacon Pointe Apartments, a 121-unit 100% affordable senior housing project (Project). The Project will be constructed concurrently with Beacon Place Apartments, a 39-unit 100% affordable supportive housing project (Beacon Place). The Project and Beacon Place are collectively referred to as The Beacon, and will be developed on a 1.60-acre parcel located at southwest corner of Long Beach Boulevard and East Anaheim Street (Site). The two buildings will share one above-grade podium parking structure, and will be constructed at the same time.

The purpose of the KMA analysis is to establish the financial gap associated with the Project, as well as summarize the proposed deal terms and outstanding issues for the financial assistance requested by the Developer.

**EXECUTIVE SUMMARY**

The KMA analysis concludes the following:

1. The Developer is requesting \$8.0 million in permanent financial assistance from the Long Beach Community Investment Company (LBCIC) (LBCIC Permanent Loan). KMA estimates that the warranted financial assistance for the Project is \$7.93 million. This represents a \$74,000 differential, which can be considered inconsequential for a project of this magnitude.

2. The Developer is requesting an additional \$2.0 million in financial assistance from the LBCIC as a construction financing source (LBCIC Construction Loan). The LBCIC Construction Loan will be repaid at the permanent loan closing with outside permanent funding sources.
3. It is important to note, that the Beacon will be constructed as one project; however, the two buildings (Beacon Place and Beacon Pointe) will be financed separately using different funding mechanisms. As such, each funding source will need to be in place for both Projects before the construction of The Beacon can begin.
4. The proposed terms of the LBCIC Permanent Loan are:
  - a. A 3% simple interest rate;
  - b. A 55-year term; and
  - c. A share of the Project's residual receipts.
5. The proposed terms of the LBCIC Construction Loan are:
  - a. There will be no interest rate; and
  - b. The loan will be repaid at the permanent loan conversion event.

## **PROPOSED FUNDING SOURCES**

The following summarizes the proposed funding sources for the Project:

1. Tax-Exempt Multifamily Bonds (Bonds) allocated by the California Debt Limit Allocation Committee (CDLAC);
2. 4% Tax Credits which are automatically awarded by the California Tax Credit Allocation Committee (TCAC) to projects that receive a Bond Allocation from CDLAC;
3. Funds awarded by the California Department of Housing and Community Development (HCD):
  - a. Affordable Housing and Sustainable Communities (AHSC) funds for Affordable Housing Development; and
  - b. AHSC funds for Transportation-Related Improvements.

4. A loan of Affordable Housing Program funds awarded by the Federal Home Loan Bank of San Francisco;
5. A Seller Carryback Note provided by Century;
6. A deferred Developer Fee;
7. City of Long Beach (City) Fee Waivers;
8. A loan of low and moderate income housing set-aside (Set-Aside) funds previously committed to the Project from the former Long Beach Housing Development Company (LBHDC) for the acquisition of the Site (LBHDC Acquisition Loan); and
9. Loans of former Housing Set-Aside funds (Housing Asset Funds) that were transferred to the Housing Successor Agency and distributed by the LBCIC (LBCIC Construction and Permanent Loans).

## BACKGROUND

During 2006 and 2007, Meta Housing (Meta) purchased 16 parcels totaling 145,100 square feet (3.33 acres) of land area located at the southwestern corner of Long Beach Boulevard and East Anaheim Street. The purchase price of the parcels totaled \$23.37 million. The Developer provided a \$19.94 million loan to Meta for the purchase of 13 parcels, and the LBHDC provided two loans totaling \$5.15 million for the purchase of three parcels and \$566,000 in lease buyout and closing costs.

Meta originally proposed to develop the 3.33 acre site as one development. However, the collapse of the financial and housing markets in 2008 created the need to shift the project to a two-phase development. As Meta continued to find funding sources for the development, the land loans were required to be extended with the Developer several times.

In 2010, Meta submitted documentation to the LBHDC to develop a 39-unit affordable senior project and a 161-unit senior artist colony project as the first phase of development. The LBHDC approved Meta's development plans and the 200-unit Senior Arts Colony project was completed in 2012.

Upon completion of the Senior Arts Colony, Meta was unable to secure funding to develop the second phase of the project. After discussions between Meta, the Developer and the LBCIC, it was decided that the Developer would take back control of the undeveloped portion of the site dedicated to the second phase of Meta's project. This equates to approximately 1.60 acres of land area.

The Developer is proposing to develop the Project on a portion of this remaining 1.60 acres of land area. The following memorandum discusses the analysis of Project.

## PROJECT DESCRIPTION

The proposed scope of development can be described as follows:

1. The land area is comprised of 52,779 square feet, or approximately 1.21 acres.
2. The 121-unit Project represents a density of 100 units per acre.
3. The Project's unit mix is as follows:

	Number of Units	Unit Size (SF)
One-Bedroom Units	110	713
Two-Bedroom Units	11	1,053
Total/Average	121	744

4. The Project's gross building area (GBA) is estimated at 123,539 square feet and is comprised of the following:
  - a. The residential GBA is estimated at 90,013 square feet;
  - b. The community room GBA is estimated at 4,382 square feet;
  - c. The retail GBA is estimated at 6,224 square feet; and
  - d. The circulation/common area GBA is estimated at 22,920 square feet.
5. The Project will consist of five floors of Type III construction over two levels of Type I Podium construction.
6. The Project will include 155 above-grade podium parking spaces, which equates to 1.28 parking spaces per unit.
7. The Project's affordability mix is as follows:

Extremely Low H&SC / Tax Credit @ 30% Median	8
Tax Credit @ 50% Median	4
Tax Credit @ 60% Median	108
Un-restricted Manager's Unit	1
<b>Total Units</b>	<b>121</b>

## FINANCIAL GAP ANALYSIS

KMA prepared a financial gap analysis to assist in evaluating the Developer's proposal. The analysis is located at the end of this memorandum, and is organized as follows:

Table 1:	Estimated Development Costs
Table 2:	Stabilized Net Operating Income
Table 3:	Financial Gap Analysis

### Estimated Development Costs (Table 1)

KMA reviewed the Developer's October 30, 2015 pro forma and then independently prepared a forma analysis for the Project. The resulting development cost estimates for the Project are as follows:

#### *Acquisition Costs*

The land acquisition costs are based on the existing outstanding acquisition debt for the Site. In December 2014, the Developer took back control of the Site from Meta through a workout transaction and assumed \$15.09 million in outstanding debt. This outstanding debt is structured as follows:

1. The Developer's debt was set at \$12.82 million; and
2. The LBHDC Acquisition Loan was set at \$2.28 million.

The Developer prorated the existing debt between the Beacon Place Apartments and the Beacon Pointe Apartments based on the number of units in each project (\$15,092,622 / 160 units = \$94,330 per unit). As such, the Developer set acquisition costs for the Project at \$11.41 million, or \$94,330 per unit.

### ***Direct Costs***

The direct costs assume that the Project will be subject to State of California and/or Federal Davis Bacon prevailing wage requirements. The direct costs applied in the analysis can be summarized as follows:

1. The off-site improvement costs are estimated at \$600,000. City staff should verify the accuracy of the scope and cost estimate for the off-site improvements.
2. The on-site improvement costs are estimated at \$15 per square foot of land area, or \$792,000.
3. The above-grade podium parking costs are estimated at \$25,000 per space, or \$3.88 million.
4. Based on the Developer's estimate, the residential building costs are estimated at \$168 per square foot of GBA, or \$19.71 million. The residential portion of the building will be constructed using Type III standards.
5. The retail shell costs are estimated at \$168 per square foot of GBA, or \$1.05 million.
6. The Developer provided a \$400,000 allowance for furnishings, fixtures and equipment.
7. Contractor fees and general requirements are estimated at 14% of construction costs.
8. An allowance for construction bonds and general liability insurance at 2% of construction costs is provided.
9. A direct cost contingency allowance equal to 10% of other direct costs is provided.

KMA estimates the total direct costs at \$33.64 million, or \$272 per square foot of GBA. In comparison, the Developer estimates the total direct costs at \$33.61 million, or \$272 per square foot of GBA. This represents an approximately \$34,000 differential.

### ***Indirect Costs***

KMA utilized the following assumptions for estimating the Project's indirect costs:

1. The architecture, engineering and consulting costs are estimated at 4% of direct costs.

2. The Developer estimated the public permits and fees costs at approximately \$23,400 per unit, or \$2.83 million.
3. The taxes, legal, insurance and accounting costs are estimated at 2% of direct costs.
4. Marketing and leasing costs are estimated as follows:
  - a. The residential leasing costs are estimated at \$61,000, or approximately \$500 per unit; and
  - b. The retail leasing costs are estimated at \$19,000, or \$3.00 per square foot of retail GBA.
5. The Developer set the Developer Fee at \$5.85 million, which is the maximum amount allowed to be included in the Project under TCAC regulations.
6. An indirect cost contingency allowance equal to 5% of other indirect costs is provided.

KMA estimates the total indirect costs at \$11.32 million. In comparison, the Developer estimates the total indirect costs at \$11.34 million. This represents a \$19,000 differential.

### ***Financing Costs***

The Project is proposed to be financed with Tax-Exempt Multifamily Bonds allocated by CDLAC. To comply with Internal Revenue Service (IRS) requirements, the Bond must be equal to at least 50% of the Project's land acquisition costs plus eligible Tax Credit basis. To meet the 50% Test for the Project, the Bond must be equal to at least \$27.66 million.

The Project's estimated NOI can only support a \$4.94 million Bond (Series A Bond). Therefore, a Series B Bond must be issued to cover the greater of the funds required to meet the 50% Test, or the construction costs for which construction period funding is not available. In this case, the unfunded construction costs are estimated at \$28.63 million, which exceeds the \$27.66 million necessary to meet the 50% Test. Thus, the Series B Bond is set at \$23.70 million.

The financing costs for the Project are estimated as follows:

1. The LBHDC Acquisition Loan and the proposed LBCIC Permanent Loan will accrue 3% simple interest during construction. This equates to approximately \$397,000 in City Loan interest costs.
2. The construction period and absorption period interest costs are estimated at \$1.37 million. These costs are based on the following assumptions:
  - a. The construction period interest costs are based on a 3.42% interest rate, a 23-month construction period, and a 60% average outstanding balance.
  - b. The absorption period interest costs are based on a three-month absorption period with a 100% average outstanding balance.
3. The financing fees are set at 2.50 points. This equates to \$715,000.
4. The capitalized operating reserve is estimated at \$285,000. This allowance is based on three months of operating expenses and debt service payments.
5. The Tax Credit fees are estimated at \$69,000 based on the following assumptions:
  - a. A \$2,000 application fee;
  - b. A \$410 per unit monitoring fee; and
  - c. One percent (1%) of gross Tax Credit proceeds for one year.

Both KMA and the Developer estimate the total financing costs at \$2.84 million.

#### ***Total Estimated Development Costs***

As shown in Table 1, KMA estimates the total development costs at approximately \$59.21 million, or \$479 per square foot of GBA. In comparison, the Developer estimates the total development costs at \$59.20 million, or \$479 per square foot of GBA. This represents a \$17,000 differential.

#### **Stabilized Net Operating Income (Table 2)**

The Project's funding sources include Federal Tax Credits, AHSC funds, and Housing Asset Funds. The Housing Asset Funds require that the income and rent standards comply with California Health and Safety Code (H&SC) definitions. Each of these programs publishes the household income limits that must be applied.

The Tax Credit Program publishes rent standards for projects that receive Tax Credits. The H&SC establishes an affordable housing cost calculation methodology defined in Section 50053. As such, the Developer will be required to adhere to the strictest of standards imposed by the funding sources.

### ***Achievable Rent Income***

The rents used in this analysis are based on 2015 income and rent information published by TCAC and HCD. The maximum allowable rents, net of the appropriate utility allowances, are as follows:<sup>1</sup>

Rent Restriction	One-Bedroom Units	One-Bedroom Units
<b><u>EL H&amp;SC / TC @ 30% Median</u></b>		
EL H&SC	\$362	NA
TCAC	\$439	NA
<b>Applicable Rents</b>	<b>\$362</b>	<b>NA</b>
<b>TC @ 50% Median</b>	<b>\$751</b>	
<b><u>80% H&amp;SC / TC @ 60% Median</u></b>		
80% H&SC	\$1,010	\$1,130
TCAC	\$906	\$1,084
<b>Applicable Rents</b>	<b>\$906</b>	<b>\$1,084</b>
<b>TC @ 60% Median</b>	<b>\$906</b>	<b>\$1,084</b>

### ***Estimated Effective Gross Income***

KMA estimates the Project's effective gross income (EGI) at \$1.21 million based on the following:

1. The rental income is estimated at \$1.27 million.
2. Laundry and miscellaneous income is estimated to average \$7 per unit per month, for a total of \$10,200 per year.
3. A vacancy and collection allowance equal to 5% of gross income is provided. This equates to \$63,800.

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<sup>1</sup> The utility allowances are set at: \$27 for one-bedroom units and \$36 for two-bedroom units.

### ***Estimated Operating Expenses***

The operating expenses are estimated at \$783,300 based on the following assumptions:

1. The general operating expenses are estimated at \$4,900 per unit per year.
2. KMA assumes that the Developer will apply for the property tax abatement that is accorded to non-profit housing organizations that own apartment units restricted to households earning less than 80% of the area median income. The property tax assessment overrides are estimated at \$9,000 per year.
3. The social services expenses are estimated at \$413 per unit per year, or \$50,000.
4. The City will charge a monitoring fee equal to \$125 per unit per year, or \$15,100.
5. In accordance with AHSC Program requirements:
  - a. The Project will be required to pay a minimum interest payment equal to 0.42% of the initial balance of the AHSC Loan, or \$43,900 per year; and
  - b. The replacement reserve deposits are estimated at \$600 per unit per year.

### ***Estimated Stabilized Net Operating Income***

The Project's EGI is estimated at \$1.21 million, and the operating expenses are estimated at \$783,300. This results in estimated stabilized net operating income (NOI) of \$429,500.

### **Financial Gap Calculation**

The financial gap is estimated by deducting the available outside funding sources from the Project's total development costs. The outside funding sources anticipated to be received by the Project are described in the following sections of this analysis:

#### ***Available Outside Funding Sources***

##### **Tax-Exempt Multifamily Bonds**

Based on the following underwriting assumptions, KMA estimates that the Project's \$423,600 NOI can support \$4.94 million in Bonds:

1. A 120% debt service coverage ratio;

Seller Carryback Note

The Developer, as the Seller of the Site, will provide a \$1.28 million Seller Carryback Loan to the Project.

Deferred Developer Fee

The Developer is proposing to defer \$5.02 million of the total Developer Fee, which equates to 86%.

City Fee Waivers

The City will waive \$672,000 of the public permits and fees costs.

LBHDC Acquisition Loan

The LBHDC provided a \$2.28 million loan to acquire a portion of the Site. This loan will remain with the Project.

LBHDC/LBCIC Accrued/Deferred Interest

Both the LBHDC Acquisition Loan and the requested LBCIC Permanent Loan will accrue 3% simple interest during construction. This interest will be converted to a permanent funding source for the Project to be repaid through residual receipts. KMA estimates this interest at \$397,000.

***Total Available Outside Funding Sources***

As shown in Table 3, the outside funding sources available to the Project total \$51.29 million. In comparison, the Developer estimates the available outside funding sources at \$51.20 million. This equates to a \$91,000 million differential, which can be considered inconsequential.

However, it is important to understand that the Federal Tax Credits, AHSC and AHP funds are awarded on a competitive basis. In addition, volatility in the financial markets makes it difficult to predict the underwriting standards that will ultimately be applied to the Bonds and the Tax Credits. It is possible that the proceeds will vary from the amounts estimated in this analysis.

***Financial Gap Calculation***

Based on the assumptions outlined in this analysis, KMA estimates the Project's financial gap as follows:

Total Development Costs	\$59,214,000
(Less) Total Available Funding	<u>(51,288,000)</u>
Financial Gap	\$7,926,000
Per Unit	\$65,500

As such, KMA estimates that the Project exhibits a \$7.93 million financial gap. In contrast, the Developer is requesting \$8.0 million in permanent financial assistance from the LBCIC. This represents a \$74,000 differential, which can be considered inconsequential for a project of this magnitude.

## CONCLUSIONS

The following summarizes the results of the KMA analysis:

1. It is the KMA conclusion that the Developer's request for \$8.0 million in permanent financial assistance is warranted by the Project's economics.
2. KMA concludes that the Developer's request for \$2.0 million in construction financing from the LBCIC is acceptable. The Loan Agreement should clearly state that this amount is due to be repaid no later than the permanent loan closing event. The LBCIC Construction Loan will not accrue interest.
3. The Project's development costs appear reasonable. However, KMA recommends that the LBCIC require the Developer to obtain at least three contractor's bids for both the Project as well as the Beacon Place Apartments development.
4. It is important to note that the Project will be constructed concurrently with the Beacon Place Apartments project. As such, both projects will need to secure sufficient funding before either can begin construction. Furthermore, both projects include highly competitive funding sources.
5. The proposed terms of the LBCIC Loan are:
  - a. A 3% simple interest rate;
  - b. A 55-year term; and
  - c. A share of the Project's residual receipts.

TABLE 1

**ESTIMATED DEVELOPMENT COSTS**  
**BEACON POINTE - 4% TAX CREDIT PROJECT**  
**LONG BEACH, CALIFORNIA**

<b>I. Property Acquisition Costs</b>	1	<b>121 Units</b>	<b>\$94,330 /Unit</b>	<b>\$11,414,000</b>
<b>II. Direct Costs</b>	2			
Off-site Improvements	3			\$600,000
On-site Improvements		52,779 Sf Land	\$15 /Sf Land	792,000
Podium Parking Costs		155 Spaces	\$25,000 /Space	3,875,000
Residential Shell Costs	4	117,315 Sf Res GBA	\$168 /Sf Res GBA	19,709,000
Retail Shell Costs	4	6,224 Sf Retail GBA	\$168 /Sf Retail GBA	1,046,000
Furnishings, Fixtures & Equipment				400,000
Contractor Fees / General Requirements		14% Construction Costs		3,643,000
General Liability Insurance / Const Bonds		2% Construction Costs		520,000
Contingency Allowance		10% Other Direct Costs		3,059,000
<b>Total Direct Costs</b>		<b>123,539 Sf GBA</b>	<b>\$272 /Sf GBA</b>	<b>\$33,644,000</b>
<b>III. Indirect Costs</b>				
Architecture, Engineering & Consulting		4% Direct Costs		\$1,346,000
Permits & Fees	5	121 Units	\$23,373 /Unit	2,828,000
Taxes, Ins, Legal & Accounting		2% Direct Costs		673,000
Marketing & Leasing				
Residential		121 Units	\$500 /Unit	61,000
Retail		6,224 Sf Retail GBA	\$3.00 /Sf Retail GBA	19,000
Developer Fee	6	15% Eligible Costs		5,853,000
Contingency Allowance		5% Other Indirects		539,000
<b>Total Indirect Costs</b>				<b>\$11,319,000</b>
<b>IV. Financing Costs</b>				
City Loan Interest	7			\$397,000
Interest During Construction				
Series A Bond	8	\$4,938,000 Loan Amount	3.42% Interest	236,000
Series B Bond	9	\$23,695,000 Loan Amount	3.42% Interest	1,135,000
Financing Fees				
Series A Bond		\$4,938,000 Loan Amount	2.50 Points	123,000
Series B Bond		\$23,695,000 Loan Amount	2.50 Points	592,000
Operating Reserve		3 Months Op Exp and Debt Svc Pmts		285,000
TCAC Fees	10			69,000
<b>Total Financing Costs</b>				<b>\$2,837,000</b>
<b>V. Total Construction Costs</b>		<b>123,539 Sf GBA</b>	<b>\$387 /Sf GBA</b>	<b>\$47,800,000</b>
<b>Total Development Costs</b>		<b>123,539 Sf GBA</b>	<b>\$479 /Sf GBA</b>	<b>\$59,214,000</b>

<sup>1</sup> Based on Developer estimate. The purchase price is based on the existing debt for the property. The Developer is one of the entities which is the holder of this existing debt. An appraisal was not provided for review.

<sup>2</sup> Estimates assume prevailing wage requirements will be imposed on the Project.

<sup>3</sup> Based on Developer estimate. City staff should verify the scope and cost of the required off-site improvements.

<sup>4</sup> Based on Developer's estimates. The Developer only included retail shell costs in the Project budget. Based on discussions with the Developer, retail tenant improvement costs will be negotiated and provided by the Developer outside the scope of the Project budget.

<sup>5</sup> Based on Developer estimate. The estimate should be verified by City staff.

<sup>6</sup> Based on Developer estimate. The maximum amount allowed by TCAC is equal to 15% of the Project's eligible Tax Credit basis.

<sup>7</sup> Assumes that the Developer will pay 3% interest on the LBHDC/LBCIC Loans during the predevelopment and construction period.

<sup>8</sup> Includes debt on the 85% of the Tax Credit Equity which will not be funded during construction. Assumes a 23-month construction period with a 60% average outstanding balance and a 3-month absorption period with a 100% average outstanding balance.

<sup>9</sup> Equal to the unfunded construction costs minus the Series A Bond amount; a 23-month construction period with a 60% average outstanding balance; and a 3-month absorption period with a 100% average outstanding balance.

<sup>10</sup> Includes a \$2,000 application fee; \$410/unit monitoring fee; and 1% of the gross Tax Credit proceeds for one year.

TABLE 2

STABILIZED NET OPERATING INCOME  
 BEACON POINTE - 4% TAX CREDIT PROJECT  
 LONG BEACH, CALIFORNIA

<b>I. Gross Residential Income</b>				
Manager's Unit		1 Unit	\$0 /Unit/Month	\$0
<b>EL Inc H&amp;SC/Tax Credit @ 30% Median</b>				
1-Bedroom Units @ (713-Sf)		8 Units	\$362 /Unit/Month	34,800
<b>Tax Credit @ 50% Median</b>				
1-Bedroom Units @ (713-Sf)		4 Units	\$751 /Unit/Month	36,000
<b>Tax Credit @ 60% Median</b>				
1-Bedroom Units @ (713-Sf)		98 Units	\$906 /Unit/Month	1,065,500
2-Bedroom Units @ (1,053-Sf)		10 Units	\$1,084 /Unit/Month	130,100
<b>Gross Residential Income</b>		121 Units		\$1,266,400
Laundry/Miscellaneous Income		121 Units	\$7 /Unit/Month	<u>10,200</u>
<b>Gross Income</b>				\$1,276,600
(Less) Vacancy & Collection Allowance		5% Gross Income		<u>(63,800)</u>
<b>Effective Gross Income</b>				\$1,212,800
<b>II. Operating Expenses</b>				
General Operating Expenses		121 Units	\$4,899 /Unit	\$592,700
Property Taxes	<sup>2</sup>	121 Units	\$74 /Unit	9,000
Services		121 Units	\$413 /Unit	50,000
City Monitoring Fee		121 Units	\$125 /Unit	15,100
Required AHSC Interest Payment	<sup>3</sup>	0.42% AHSC Loan		43,900
Replacement Reserve	<sup>3</sup>	121 Units	\$600 /Unit	<u>72,600</u>
<b>Total Operating Expenses</b>		121 Units	\$6,474 /Unit	\$783,300
<b>III. Net Operating Income</b>				\$429,500

<sup>1</sup> Based on Los Angeles County 2015 Incomes distributed by HUD/HCD. As pertinent, the rents are based on rents published in 2015 by TCAC and CA H&SC Section 50053 calculation methodology. Utility Allowances per the Developer: \$27 for 1-Bdrm units and \$36 for 2-Bdrm units.

<sup>2</sup> Based on the assumption that the Developer will receive the property tax abatement accorded to non-profit housing organizations that develop income-restricted apartments.

<sup>3</sup> Based on the requirements of the Affordable Housing and Sustainable Communities (AHSC) Program.

TABLE 3

**FINANCIAL GAP CALCULATION**  
**BEACON POINTE - 4% TAX CREDIT PROJECT**  
**LONG BEACH, CALIFORNIA**

**I. Available Funding Sources**

<b>Tax-Exempt Financing</b>	1			
Net Operating Income		\$429,500	NOI (See Table 2)	
Income Available for Mortgage		1.20	DCR	\$357,917 Debt Service
Interest Rate		6.50%	Interest Rate	7.25% Mortgage Constant
<b>Permanent Loan</b>				<b>\$4,938,000</b>
<b>Tax Credit Equity</b>	2			
Gross Tax Credit Value		\$17,863,000		
Syndication Rate		\$1.05	/Tax Credit Dollar	
<b>Net Tax Credit Equity</b>				<b>\$18,755,000</b>
<b>AHSC Loan</b>	3			<b>\$10,444,000</b>
<b>AHSC Transit &amp; Housing Infrastructure</b>	3			<b>\$6,000,000</b>
<b>AHP</b>	3			<b>\$1,500,000</b>
<b>Seller Carry-Back Note</b>	3			<b>\$1,282,000</b>
<b>Deferred Developer Fee</b>	3	86%	Developer Fee	<b>\$5,024,000</b>
<b>City of Long Beach Fee Waivers</b>	3			<b>\$672,000</b>
<b>LBHDC Acquisition Loan</b>	4			<b>\$2,276,000</b>
<b>LBHDC/LBCIC Accrued/Deferred Interest</b>	5			<b>\$397,000</b>

**Total Available Funding Sources** **\$51,288,000**

**II. Financial Gap Calculation**

Total Development Costs	\$59,214,000
(Less) Total Available Funding Sources	(51,288,000)

<b>III. Financial Gap</b>	<b>121 Units</b>	<b>\$65,500 /Unit</b>	<b>\$7,926,000</b>
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<sup>1</sup> Assumes a 35-year amortization term.

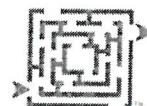
<sup>2</sup> Assumes a \$42.9 million eligible basis, plus a 130% difficult-to-develop premium, a 3.2% Tax Credit rate and an applicable fraction of 100%.

<sup>3</sup> Based on Developer estimate.

<sup>4</sup> The City previously provided a \$2.28 million loan for the acquisition of a portion of the Site.

<sup>5</sup> The outstanding LBHDC Acquisition Loan and the requested LBCIC Permanent Loan will accrue simple interest at 3% during construction, which will be deferred as a permanent source.





KEYSER MARSTON ASSOCIATES<sup>®</sup>  
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

**MEMORANDUM**

**ADVISORS IN:**  
Real Estate  
Redevelopment  
Affordable Housing  
Economic Development

**To:** Patrick Ure, Housing Development Officer  
City of Long Beach

**SAN FRANCISCO**  
A. Jerry Keyser  
Timothy C. Kelly  
Kate Earle Funk  
Debbie M. Kern

Reed T. Kawahara  
David Doezemaa  
**cc:** Meggan Sorensen, Development Project Manager III

**Los ANGELES**  
Kathleen H. Head  
James A. Rabe  
Gregory D. Soo-Hoo  
Kevin E. Engstrom  
Julie L. Romey  
**Subject:** The Beacon: SB 341 Analysis

At your request, Keyser Marston Associates, Inc. (KMA) prepared an SB 341 analysis for The Beacon – a 160-unit apartment project (Project) proposed by Century Housing (Developer). The Beacon will consist of the following two buildings:

1. Beacon Place Apartments – A 39-unit 100% affordable supportive housing project; and
2. Beacon Pointe Apartments – A 121-unit affordable senior housing project.

Beacon Place and Beacon Pointe will be connected via a shared parking structure. As such, although the buildings will be financed via separate funding mechanisms, they will be constructed concurrently. Each of the buildings must obtain sufficient financing for the Project to commence construction.

The Developer has requested \$8.0 million in permanent financial assistance from the Long Beach Community Investment Company (LBCIC). This financial assistance will be drawn from the Housing Asset Fund (HAF), and will be provided as a loan to the Project. The Project will have one regulatory agreement for both buildings, and the LBCIC is requiring that the Developer provide at least 26 Extremely-Low and 20 Very-Low Income units in the Project, which equates to \$174,000 per unit in assistance.

Any expenditure from the HAF must comply with the requirements set forth in SB 341. The following analysis summarizes the Project's compliance with these requirements.

## **SB 341 REQUIREMENTS**

Section 34176.1 of the California Health and Safety Code (H&SC) has restricted how the HAF expenditures are to be allocated to extremely-low and low income households over a five-year period, as well as set limitations on the number of senior citizen units that can be assisted by the LBCIC over a 10-year period.

### **Income Test**

Section 34176.1(a)(3)(B) requires that the LBCIC must expend at least 30% of the HAF for the development of rental housing affordable to and occupied by households earning 30% or less of the Area Median Income (AMI) as published by the California Department of Housing and Community Development (HCD) (Extremely-Low Income). Section 34176.1(a)(3)(C) requires that no more than 20% of the HAF be expended for development of rental housing affordable to and occupied by households earning between 60% and 80% of the AMI (Low Income). The Income Category between 30% and 60% AMI is referenced as Very-Low Income; however, there is no minimum or maximum expenditure limit on the Very-Low Income category.

The Income Test is applied over five year periods, with the first period being 2014 to 2019. The Income Test is applied cumulatively over the five year period. It does not need to be met on a project-by-project basis.

The \$8.0 million in cash assistance from the LBCIC, which will be drawn from the HAF, must meet the Income Test.

### ***Extremely-Low Income Test***

A provision of the \$8.0 million loan of HAF funds requires the Developer to restrict at least 26 units in the Project as Extremely-Low Income Units and 20 units as Very-Low Income Units. Based on a financial gap for the Extremely-Low Income Units of \$174,000 per unit, this equates to \$4,524,000, which represents 57% of the total \$8.0 million HAF expenditure. As shown in the following table, prior to this Project, the LBCIC had not made any HAF expenditures during the 2014 to 2019 period.

The following table summarizes the HAF expenditures for the 2014 to 2019 period:

2014 – 2019 Period	Extremely-Low Income Expenditures	Total HAF Expenditures
2014	\$0	\$0
2015	\$4,524,000	\$8,000,000
<b>Total Expenditures To Date as a % of Total Expenditures</b>	<b>\$4,524,000</b>	<b>\$8,000,000</b>
	<b>57%</b>	

It is important to understand that penalties are applied if the LBCIC fails to comply with the Extremely-Low Income requirement in any five-year period. If the LBCIC fails to meet this requirement during the five year period, in each following fiscal years, the LBCIC must spend at least 50% of the funds remaining in the HAF on households earning 30% or less of the AMI until the LBCIC demonstrates compliance with the Extremely-Low Income requirement.

#### ***Low Income Test***

The LBCIC is not providing assistance to any Low Income units nor has LBCIC expended any HAF funds on previous projects. Therefore, the balance of the \$8,000,000 in assistance will be directed to the 20 units restricted to Very-Low Income households.

Similar to the Extremely-Low Income Test, penalties will be applied if the LBCIC exceeds the cap on Low Income expenditures during any five-year period. Specifically, if the LBCIC fails to meet this requirement during the five year period, in each following fiscal years, the LBCIC is prohibited from spending any HAF funds on Low Income Units until the LBCIC demonstrates compliance with the Low Income requirement.

#### **Senior Housing Test**

Section 34176.1(b) places a limit on the percentage of deed-restricted rental units that are restricted to senior citizens. This limit is applied retroactively over the past 10 years to units assisted by the LBCIC, the former redevelopment agency and/or the City. During that period, no more than 50% of the aggregate number of assisted units of deed-restricted rental housing be senior citizen units. If this percentage exceeds 50%, then the Authority cannot expend future HAF funds to assist additional rental senior housing units until the LBCIC or City assist, and construction has commenced, on the

number of units that are not age-restricted rental units that brings the LBCIC back into compliance with the Senior Housing Test.

During the previous 10 years, a total of 405 restricted senior units have been assisted. The following table adds the Project to the list of senior units subject to the Senior Housing Test:

2005 – 2015 Period	Total Senior Units	Total Restricted Units	Senior Units as a % of Total Units
Belwood	0	33	0%
Collage	0	13	0%
Courtyards	0	44	0%
Decro	59	309	19%
530 Elm	0	16	0%
Evergreen Apartments	0	78	0%
Immanuel Senior	23	23	100%
LB Senior (Menorah)	65	65	100%
Family Commons	0	80	0%
Gallery 421	0	26	0%
Meta 2114 LB	0	36	0%
Meta Senior Arts	198	198	100%
Pacific City Lights	0	41	0%
Palace Hotel	0	14	0%
Puerto del Sol	0	63	0%
Ramona Park	60	60	100%
Anchor Place	0	119	0%
The Beacon (Proposed)	8	159	5%
<b>Totals</b>	<b>413</b>	<b>1,377</b>	<b>30%</b>

As can be seen in the table, there will be 413 restricted senior units out of 1,377 total assisted units once the Project has commenced. This equates to 30% of the total restricted units. Thus, the LBCIC will remain in compliance with the Senior Test after the proposed assistance is provided to the Project.

## CONCLUSIONS

The following summarizes the conclusions of the KMA analysis:

1. The \$8.0 million in LBCIC HAF funds will be expended as follows:
  - a. \$4.52 million, or 57%, will be expended for 26 Extremely-Low Income Units. This equates to \$174,000 per unit.
  - b. \$3.48 million, or 43%, will be expended for 20 Very-Low Income Units. This equates to \$174,000 per unit.
2. The LBCIC is in compliance with the Income Test for the 2014 – 2019 Period.
3. The LBCIC is in compliance with the Senior Housing Test.

