

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2012 First Round**  
**July 11, 2012**

**Project Number** CA-12-086

**Project Name** Rio Vista Apartments  
 Site Address: 1515 N. San Ferndando Road  
 Los Angeles, CA 90065 County: Los Angeles  
 Census Tract: 1871.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,719,905	\$0
Recommended:	\$1,719,905	\$0

**Applicant Information**

Applicant: Rio Vista Apts, L.P.  
 Contact: Daniel Falcon, Jr.  
 Address: 801 S. Grand Ave, Suite 780  
 Los Angeles, CA 90017  
 Phone: (213) 236-2680 Fax: (213) 236-0707  
 Email: daniel.falcon@mccormackbaron.com

General partner(s) or principal owner(s): MBA Development Corporation &  
 New Economics for Women  
 General Partner Type: Joint Venture  
 Developer: McCormack Baron Salazar  
 Investor/Consultant: Union Bank of California  
 Management Agent: McCormack Baron Ragan Management Services, Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 87  
 No. & % of Tax Credit Units: 86 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HOME  
 Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	10	10 %
35% AMI:	10	10 %
40% AMI:	10	10 %
45% AMI:	10	10 %
50% AMI:	10	10 %

**Information**

Set-Aside: N/A  
 Housing Type: Large Family  
 Geographic Area: Los Angeles County  
 TCAC Project Analyst: Jack Waegell

**Unit Mix**

9 1-Bedroom Units  
 43 2-Bedroom Units  
 35 3-Bedroom Units  


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 87 Total Units

<u>Unit Type &amp; Number</u>	<u>2012 Rents Targeted % of Area Median Income</u>	<u>2012 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	30%	30%	\$474
1 1 Bedroom	35%	35%	\$553
1 1 Bedroom	40%	40%	\$632
1 1 Bedroom	45%	45%	\$711
1 1 Bedroom	50%	50%	\$791
4 1 Bedroom	60%	60%	\$949
5 2 Bedrooms	30%	30%	\$568
5 2 Bedrooms	35%	35%	\$663
5 2 Bedrooms	40%	40%	\$758
5 2 Bedrooms	45%	45%	\$853
5 2 Bedrooms	50%	50%	\$948
17 2 Bedrooms	60%	60%	\$1,138
4 3 Bedrooms	30%	30%	\$657
4 3 Bedrooms	35%	35%	\$767
4 3 Bedrooms	40%	40%	\$876
4 3 Bedrooms	45%	45%	\$986
4 3 Bedrooms	50%	50%	\$1,096
15 3 Bedrooms	60%	60%	\$1,315
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost:	\$29,597,590
Estimated Residential Project Cost:	\$29,597,590

**Residential**

Construction Cost Per Square Foot:	\$148
Per Unit Cost:	\$340,202

**Construction Financing**

Source	Amount
JP Morgan Chase Bank, N.A.	\$12,669,500
LAHD	\$2,542,354
HCD - IIG for On-Site Costs	\$3,480,000
HCD - IIG for Off-Site Costs	\$217,000
City of LA - Municipal Fee Waiver	\$262,392
LAUSD - Municipal Fee Waiver	\$96,844
Deferred Costs and Fees	\$1,300,000
Tax Credit Equity	\$9,029,500

**Permanent Financing**

Source	Amount
JP Morgan Chase Bank, N.A.	\$4,340,000
LAHD	\$2,542,354
HCD - IIG for On-Site Costs	\$3,480,000
HCD - IIG for Off-Site Costs	\$217,000
City of LA - Municipal Fee Waiver	\$262,392
LAUSD - Municipal Fee Waiver	\$96,844
Deferred Developer Fee	\$600,000
Tax Credit Equity	\$18,059,000
<b>TOTAL</b>	<b>\$29,597,590</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$17,641,550
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$22,934,015
Applicable Rate:	7.50%
Total Maximum Annual Federal Credit:	\$1,719,905
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Union Bank of California
Federal Tax Credit Factor:	\$1.05000

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:	\$17,641,550
Actual Eligible Basis:	\$24,497,314
Unadjusted Threshold Basis Limit:	\$20,881,213
Total Adjusted Threshold Basis Limit:	\$27,430,355

**Adjustments to Basis Limit:**

Required to Pay Prevailing Wages

Parking Beneath Residential Units

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Irrigated with reclaimed water, greywater, or rainwater (excluding community gardens)
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all common areas

Local Development Impact Fees

**Tie-Breaker Information**

First:	<b>Large Family</b>
Second:	<b>35.759%</b>

**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 7.50%. 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 project is located on Lot 1 of the Taylor Yard Transit Village master plan. The master plan involves the redevelopment of a former rail yard site owned by the Los Angeles County Metropolitan Transportation Authority. The project is located approximately 3 miles north of downtown Los Angeles, next to the Los Angeles River and the 40 acre Rio de Los Angeles Regional Park. The village will consist of 5 distinct housing development lots with approximately 400 housing units, including this affordable family project, affordable senior project (CA-2011-905, Taylor Yard - approved last year as a 4% tax credit project), and homeownership units. Once complete, the village will also include approximately 30,000 square feet of retail and commercial space.

**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 Los Angeles Housing 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$1,719,905</b>	<b>\$0</b>

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation, any Readiness to Proceed Requirements elected, and a Final Reservation. 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 ten 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 ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ¼ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	2	2	2
Within ½ mile of a neighborhood market of at least 5,000 sf	3	3	3
Large Family proj. w/ ½ mile of public school project children may attend	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY HOUSING TYPE			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, minimum 60 hrs/yr instruction	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
NEW CONSTRUCTION			
Develop project in accordance w/ requirements of: LEED	5	5	5
Energy efficiency beyond CA Building Code Title 24 requirements: 17.5%	2	2	2
Develop project to requirements of: LEED Silver	3	3	3
<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>20</b>	<b>20</b>	<b>20</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>148</b>	<b>148</b>	<b>148</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.**