

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 Second Round

September 29, 2021

Rialto Metrolink South, located on the north side of W. Bonnie View Drive, between S. Riverside Avenue and S. Willow Avenue in Rialto, requested and is being recommended for a reservation of \$1,835,507 in annual federal tax credits to finance the new construction of 54 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 Related Development Company of California, LLC and will be located in Senate District 20 and Assembly District 47.

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

Project Number CA-21-128

Project Name Rialto Metrolink South
Site Address: North side of W. Bonnie View Drive, between S. Riverside Avenue and S. Willow Avenue
Rialto, CA 92376 County: San Bernardino
Census Tract: 37.000

Tax Credit Amounts	Federal/Annual *	State/Total
Requested:	\$1,835,507	\$0
Recommended:	\$1,835,507	\$0

* Consolidated Appropriations Act, 2021 (CAA) Federal Credits

Applicant Information

Applicant: Rialto Metrolink South Housing Partners, L.P.
Contact: Frank Cardone
Address: 18201 Von Karman Avenue, Suite 900
Irvine, CA 92612
Phone: (949) 660-7272
Email: fcardone@related.com

General Partner(s) / Principal Owner(s): Related/Rialto Metrolink South Development Co., LLC
CORE Rialto Metro South MGP, LLC
HPI Rialto, LLC
General Partner Type: Joint Venture
Parent Company(ies): The Related Companies of California, LLC
National Community Renaissance of California
Housing Partners I, Incorporated
Developer: Related Development Company of California, LLC
Investor/Consultant: Wells Fargo Affordable Housing CDC
Management Agent(s): National Community Renaissance of California

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 55
 No. & % of Tax Credit Units: 54 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Project-based Section 8 Vouchers (8 units - 15%) / HOME

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: Inland Empire Region

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 6	10%
At or Below 40% AMI: 9	15%
At or Below 50% AMI: 22	40%

Unit Mix

23 1-Bedroom Units
15 2-Bedroom Units
17 3-Bedroom Units
<u>55 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 1 Bedroom	30%	\$435
2 1 Bedroom	40%	\$592
1 1 Bedroom	40%	\$592
10 1 Bedroom	50%	\$726
8 1 Bedroom	60%	\$871
2 2 Bedrooms	30%	\$523
2 2 Bedrooms	40%	\$711
1 2 Bedrooms	40%	\$711
6 2 Bedrooms	50%	\$871
3 2 Bedrooms	60%	\$1,046
2 3 Bedrooms	30%	\$604
3 3 Bedrooms	40%	\$822
6 3 Bedrooms	50%	\$1,007
6 3 Bedrooms	60%	\$1,209
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,328,904
Construction Costs	\$16,224,882
Rehabilitation Costs	\$0
Construction Contingency	\$1,126,189
Relocation	\$0
Architectural/Engineering	\$1,720,000
Const. Interest, Perm. Financing	\$818,000
Legal Fees	\$200,000
Reserves	\$133,000
Other Costs	\$3,018,000
Developer Fee	\$1,800,000
Commercial Costs	\$0
Total	\$28,368,975

Residential

Construction Cost Per Square Foot:	\$361
Per Unit Cost:	\$515,800
True Cash Per Unit Cost*:	\$515,800

Construction Financing

Source	Amount
Wells Fargo Bank, N.A. - Construction Loan	\$15,794,478
County of San Bernardino - HOME	\$2,250,000
Rialto Housing Authority	\$4,550,000
Rialto Housing Authority - Land Loan	\$3,030,000
Deferred Developer Fee	\$900,000
Deferred Reserves	\$133,000
Deferred Fees	\$23,000
Tax Credit Equity	\$1,688,498

Permanent Financing

Source	Amount
CCRC - Permanent Loan	\$1,053,000
CCRC - Tranche B Perm Loan	\$601,000
County of San Bernardino - HOME	\$2,250,000
Rialto Housing Authority	\$4,550,000
Rialto Housing Authority - Land Loan	\$3,030,000
Tax Credit Equity	\$16,884,975
TOTAL	\$28,368,975

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$15,688,094
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$20,394,522
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,835,507
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,800,000
Investor/Consultant:	Wells Fargo Affordable Housing CDC
Federal Tax Credit Factor:	\$0.91991

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.

Disaster Credit Tie Breaker Information

First: No
Second: No
Third: \$27,810.71

Significant Information / Additional Conditions

Development costs are roughly \$515,800 per unit. The factors affecting this cost includes land costs, Rialto's high development impacts fees and permit processing fees, higher construction costs due to materials, a solar photovoltaic system included in the project.

The applicant has requested the use of a CUAC utility allowance. Projects with subsidy from HUD are required to use Utility Allowances approved by HUD. The applicant’s use of the CUAC for Rialto Metrolink South (CA-21-128) is subject to approval by HUD. TCAC staff will review the CUAC documentation prior to placing in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

Local Reviewing Agency

The Local Reviewing Agency, City of Rialto, 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.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

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	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit station or public bus stop	4	4	4
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 3/4 mile of a public elementary school, and the site is within the attendance area	2	2	2
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
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
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	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
Smoke Free Residence	2	2	2
Total Points	109	109	109

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.