

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2009 Cash in Lieu of Credits - Gap Financing/ TCAP Funds
August 26, 2009

Project Number CA-2009-559

Project Name MacArthur Park Metro Apartments Phase A
Address: 1901 W. 7th Street
Los Angeles, CA 90057 County: Los Angeles

Applicant Information

Applicant: MPM Apartments, L.P.
Sponsor: Daniel Falcon, Jr.
Address: 801 S. Grand Avenue, Suite 780
Los Angeles, CA 90057
Phone: (213) 236-2680 **Fax:** (213) 236-0707

General Partner Type: Joint Venture
The general partner(s) or principal owner(s) are MBA Urban Development, Co. and the Los Angeles Housing Partnership.

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: Yes
Total # of Units: 90
Total # Residential Buildings: 1

Information

Housing Type: Large Family
Proposed Average Affordability: 47.8563

Davis-Bacon Required: Yes

NEPA Required: Yes

State Prevailing Wages Required: No

2008 TCAC Project Number: CA-2008-924

Original 2008 Federal Tax Credits Reserved: **Federal Credit**
\$1,274,801

2008 Federal Tax Credits Retained: \$1,274,801

Amount of Gap Financing Requested: **Federal Credit**
12 Cents

Current Net Equity Factor: .73

Federal Calculation

Amount of Net Equity Factor Requested: $(\$1,274,801 \times 10 \times .12) = \$1,529,761$

Amount of Gap Financing Recommended: \$1,529,761

ARRA Scoring Criteria	Max. Possible Points	Points Awarded
<i>DDA Bonus Points</i>	25	0
<i>Housing Type Points (Maximum of 50 points)</i>		
<input checked="" type="checkbox"/> Large Family/Senior Project	10	10
<i>Total Project Cost/Cash Request Points (Maximum of 100 points)</i>		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: \$32,029,000		
Cash Award Request: \$1,529,761		
Total Points Awarded: $100 - (\$1,529,761 / \$32,029,000 \times 100) = 95.2238$	100	95.2238
<i>Total Average Affordability Points (Maximum of 100 points)</i>		
Projects Original Proposed Average Affordability: 47.8563%		
60% - Average Affordability X 5 Points = $(60\% - 47.8563\%) \times 5 = 60.7185$	100	60.7185
Total Points	275	165.9423

Approved 2008 TCAC Proposed Rent and Income Levels

<u>Unit Type & Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
5 Two-Bedroom	20%	\$341
7 Two-Bedroom	30%	\$511
7 Two-Bedroom	35%	\$596
12 Two-Bedroom	50%	\$852
31 Two-Bedroom	60%	\$1,023
3 Three-Bedroom	20%	\$394
4 Three-Bedroom	30%	\$591
4 Three-Bedroom	35%	\$689
3 Three-Bedroom	50%	\$985
13 Three-Bedroom	60%	\$1,182
1 Two-Bedroom	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$45,573,440 Per Unit Cost: \$396,836

Estimated Total Residential Cost: \$35,715,264 Estimated Total Commercial Cost: \$9,858,176

Bank of America – Tax Exempt Bonds	\$20,000,000	Bank of America – Tax Exempt Bonds	\$2,450,000
Los Angeles Housing Department	\$7,504,245	Los Angeles Housing Department	\$9,968,307
City of Industry	\$1,459,000	City of Industry	\$1,459,000
City of Los Angeles CRA	\$1,400,000	City of Los Angeles CRA	\$1,400,000
Hudson Capital LIHTC Equity	\$1,655,755	HCD TOD Program	\$8,568,755
Bank of America (Retail)	\$2,771,000	Deferred Developer Fee	\$382,441
LA Metropolitan Transit Agency	\$4,000,000	TCAC ARRA Funds	\$1,529,761
MBS* Urban Devel. CDE (NMTC)	\$2,920,320	Investor Equity	\$9,957,000
Deferred Developer Fee (Retail)	\$292,070	TOTAL	\$35,715,264

Income and Expense Statement for Year 1

Gross Residential Rents:	\$876,370
Miscellaneous Income:	\$5,398
Vacancy Rate: 5%	(\$44,088)
Total Effective Gross Income:	\$837,680
Less Total Expenses/Reserves:	\$547,980
Net Operation Income:	\$289,700
Debt Service:	\$224,727
Net Cash Flow	\$64,973
Debt Service Ratio:	1.29 to 1

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 analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations.

Standard Conditions

The Committee may make a Conditional Reservation of American Recovery and Reinvestment Act of 2009 (ARRA), Tax Credit Assistance Program (TCAP) funds for the project sponsor. This Conditional Reservation would not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of environmental review and receipt by the California Tax Credit Allocation Committee of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part §58. The provision of any funds to the project is conditioned on TCAC's determination to proceed with, modify or cancel the project based on the results of a subsequent environmental review and further underwriting.

The project sponsor is prohibited from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair or construction prior to the environmental clearance. A violation of this provision may result in the denial of any funds.

In addition, each project ultimately awarded ARRA TCAP funds will have to comply with all federal requirements, such as Section 504, Davis-Bacon federal labor standards laws, anti-lobbying requirements, lead-based paint rules, and other federal laws.

All ARRA funded projects will be required to track and report on all jobs created or retained as a result of the funds.

Numbers contained in the proposed financing are subject to update and will be refined within 30 days of loan execution agreement.