

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2024 First Round**

**May 15, 2024**

The Rigby, located at 15314 Rayen Street in Los Angeles, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$14,750,888 in total state tax credits to finance the new construction of 62 units of housing serving special needs tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Abbey Road Inc. and will be located in Senate District 20 and Assembly District 43.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the Infill Infrastructure Grant (IIG) program of HCD.

**Project Number** CA-24-015

**Project Name** The Rigby  
**Site Address:** 15314 Rayen Street  
Los Angeles, CA 91343  
**County:** Los Angeles  
**Census Tract:** 1175.2

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,500,000	\$14,750,888
Recommended:	\$2,500,000	\$14,750,888

\* The applicant made an election to sell (Certificate) all or any portion of the state credits.

**Applicant Information**

**Applicant:** Abbey Road, Inc  
**Contact:** Maura Johnson  
**Address:** 15305 Rayen Street  
North Hills, Ca 91343  
**Phone:** 818-894-2284  
**Email:** M.Johnson@pennylane.org

**General Partner(s) / Principal Owner(s):** The Rigby Abbey Road, LLC  
**General Partner Type:** Nonprofit  
**Parent Company(ies):** Abbey Road, Inc  
**Developer:** Abbey Road Inc.  
**Investor/Consultant:** California Housing Partnership  
**Management Agent(s):** EAH Housing

**Project Information**

**Construction Type:** New Construction  
**Total # Residential Buildings:** 1  
**Total # of Units:** 64  
**No. & % of Tax Credit Units:** 62 100%  
**Federal Set-Aside Elected:** 40%/60%  
**Federal Subsidy:** HUD Section 8 Project-based Vouchers (33 Units - 53%)

**Information**

Set-Aside: N/A  
 Housing Type: Special Needs  
 At least 20% 1-bedroom units and 10% larger than 1-bedroom units  
 Type of Special Needs: Homeless  
 Average Targeted Affordability of Special Needs Project Units: 30.00%  
 % of Special Need Units: 33 units 53.23%  
 Geographic Area: City of Los Angeles  
 CTCAC Project Analyst: Nick White

**55-Year Use / Affordability**

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 30% AMI:	33	50%
At or Below 50% AMI:	12	15%
At or Below 60% AMI:	17	25%

**Unit Mix**

12 SRO/Studio Units  
 20 1-Bedroom Units  
 20 2-Bedroom Units  
 12 3-Bedroom Units  


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 64 Total Units

<u>Unit Type &amp; Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 SRO/Studio	30%	\$662
5 1 Bedroom	30%	\$709
2 2 Bedrooms	30%	\$851
4 3 Bedrooms	30%	\$983
7 SRO/Studio	30%	\$662
8 1 Bedroom	30%	\$709
2 2 Bedrooms	30%	\$851
6 1 Bedroom	50%	\$1,182
5 2 Bedrooms	50%	\$1,418
1 3 Bedrooms	50%	\$1,639
11 2 Bedrooms	60%	\$1,702
6 3 Bedrooms	60%	\$1,967
1 1 Bedroom	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$4,374,300
Construction Costs	\$35,285,084
Rehabilitation Costs	\$0
Construction Contingency	\$2,409,523
Relocation	\$0
Architectural/Engineering	\$1,098,285
Const. Interest, Perm. Financing	\$8,142,508
Legal Fees	\$315,000
Reserves	\$658,000
Other Costs	\$2,675,188
Developer Fee	\$2,500,000
Commercial Costs	\$0
<b>Total</b>	<b>\$57,457,888</b>

**Residential**

Construction Cost Per Square Foot:	\$563
Per Unit Cost:	\$897,780
True Cash Per Unit Cost*:	\$893,092

**Construction Financing**

<u>Source</u>	<u>Amount</u>
JP Morgan Chase	\$38,288,107
HCD: IIG	\$3,790,880
LAHD <sup>1</sup> : HHH	\$6,795,000
LACDA: AHTF <sup>2</sup>	\$2,955,000
Deferred Costs	\$1,862,800
Deferred Developer Fee	\$300,000

**Permanent Financing**

<u>Source</u>	<u>Amount</u>
CCRC	\$7,327,000
HCD: IIG	\$3,790,880
LAHD <sup>1</sup> : HHH	\$6,795,000
LACDA: AHTF <sup>2</sup>	\$3,000,000
Deferred Developer Fee	\$300,000
Tax Credit Equity	\$36,245,008
<b>TOTAL</b>	<b>\$57,457,888</b>

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

<sup>1</sup>LAHD - Los Angeles Housing Development

<sup>2</sup>Los Angeles County Development Authority: Affordable Housing Trust Fund

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$49,169,625
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$63,920,513
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$14,750,888
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.91287
State Tax Credit Factor:	\$0.91000

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.

**Tie-Breaker Information**

First:	<b>Special Needs</b>
Self-Score Final:	<b>45.042%</b>
CTCAC Final:	<b>44.985%</b>

**Significant Information / Additional Conditions**

Staff noted a per unit development cost of \$893,092, The applicant noted that the per unit cost is attributed to prevailing wages, relocation costs, operating reserves, development impact fees, supply chain delays, high cost of multiply key materials, insurance, construction loan interest, land and holding cost and construction cost.

The applicant’s estimate of the 3-month operating reserve shown in the application development budget is below CTCAC’s minimum. Pursuant to CTCAC Regulation Section 10327(a), initial application errors of the greater of 50% of the contingency line item or \$100,000 shall be deemed covered by the contingency line item. However, at the submission of the next updated application required by CTCAC, and all subsequent submissions to CTCAC, including the placed-in-service submission for the issuance of the IRS 8609 forms, the applicant must fund the 3-month operating reserve at a level that meets the requirement of regulation section 10327(c)(7)(B).

**Resyndication and Resyndication Transfer Event:** None.

**Local Reviewing Agency**

The Local Reviewing Agency, County of Ventura, 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.

CTCAC 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 CTCAC.

The applicant must pay CTCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC 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, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, 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 CTCAC 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 CTCAC 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 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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
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 1/3 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1 mile of medical clinic or hospital	2	2	2
Within 1/2 mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
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
SPECIAL NEEDS, SRO HOUSING TYPES			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</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 REAPPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**