

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2009 Cash in Lieu of Credits - TCAP Funds**  
**July 8, 2009**

**Project Number** CA-2009-524

**Project Name** Mutual Housing at the Highlands  
**Site Address:** 3417 Freedom Park Drive  
North Highlands, CA 95660 County: Sacramento  
**Census Tract:** 0074.03

**Applicant Information**

**Applicant:** Sacramento Mutual Housing Association  
**Contact:** Rachel Iskow  
**Address:** 3451 Fifth Avenue  
Sacramento, CA 95817  
**Phone:** (916) 453-8400 Fax: (916) 453-8401  
**Email:** [rachel@mutualhousing.com](mailto:rachel@mutualhousing.com)

**General Partners Type:** Nonprofit  
The general partner or principal owner is Highlands Mutual Housing Association, LLC.

**Information**

**Housing Type:** Special Needs  
**Type of SpN:** Homeless people with disabilities  
**66 of 90 Special Need Units:** 73%  
**Proposed Average Affordability:** 28.34%

**Project Information**

**Construction Type:** New Construction  
**Federal Subsidy:** HUD Supportive Housing Program (SHP)  
**Total # of Units:** 90  
**Total # Residential Buildings:** 9

**Davis-Bacon or NEPA Required:** No

**State Prevailing Wages Required:** Yes

**2008 TCAC Project Number:** CA-2008-140

**Original 2008 Federal Tax Credits Allocated:** \$1,575,104

**2008 Federal Tax Credits Exchanged/Returned:** \$1,575,004

**2008 Federal Tax Credits Retained:** \$100

**Cash Award Recommended:** \$13,387,534

**Approved 2008 TCAC Proposed Rent and Income Levels**

<u>Unit Type &amp; Number</u>	<u>2008 Rents for 2<sup>nd</sup> Round 2008</u> <u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
50 0-Bedroom Units	30%	\$263
12 0-Bedroom Units	60%	\$509
16 1-Bedroom Units	30%	\$263
11 3-Bedroom Units	60%	\$923
1 3-Bedroom Units	Manager's Unit	\$842

**Project Financing**

Estimated Total Project Cost: \$25,310,297 Per Unit Cost: \$281,225

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
Wells Fargo Bank	\$16,965,000	MHSA*/CalHFA	\$2,975,000
MHSA*/CalHFA	\$2,971,945	MHSA Capitalized Operating Res.	\$1,800,000
Sacramento County (local fee waivers)	\$568,663	Sacramento Fee Waivers	\$403,263
Investor Equity	\$2,204,000	Investor Equity	\$850
CCDC – parking purchase	\$1,400,000	TCAC ARRA Funds	\$13,387,534
RDA ground lease (land value)	\$4,957,000	HCD Bridge Loan	\$6,743,650
Deferred Developer Fee	\$1,400,000	<b>TOTAL</b>	<b>\$25,310,297</b>
TCAC ARRA Funds	\$5,609,660		

**Income and Expense Statement for Year 1**

<b>Gross Residential Rents:</b>	\$449,376	
<b>Miscellaneous Income:</b>	\$2,160	
<b>Less Vacancy Rate: 5%</b>	\$(38,882)	
<b>Total Effective Gross Income:</b>	\$686,654	Includes \$274,000 SHRA Operating Subsidy
<b>Less Total Expenses/Reserves:</b>	\$537,564	
<b>Net Operation Income:</b>	\$149,090	
<b>Debt Service:</b>	\$94,805	
<b>Debt Service Ratio:</b>	1.15 to 1	

Annual operating expenses exceeds 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.