

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2009 Cash in Lieu of Credits - Section 1602 Funds
July 8, 2009
REVISED – 11-23-09

Project Number CA-2009-517

Project Name The Sagebrush of Downtown II
Site Address: 730 West Lancaster Boulevard
Los Angeles, CA 93534 **County:** Los Angeles
Census Tracts: 9008.06

Applicant Information

Applicant: Lean Mean Fighting Machine, L.P.
Sponsor: Carol Cromar
Address: 4220 West 2100 South Suite B
Salt Lake City, UT 84120
Phone: (801) 328-3644 **Fax:** (818) 304-7660
Email: carol@housingcorpofamerica.com

General Partners Type: Joint Venture
The general partners or principal owners are Housing Corporation of America, Inc. and InSite Development LLC.

Information

Housing Type: Large Family
Geographic Area: Los Angeles County
Proposed Average Affordability: 37.53%

Project Information

Construction Type: New Construction
Total # of Units: 40
Total # Residential Buildings: 1

Davis-Bacon or NEPA Required: No

State Prevailing Wages Required: Yes

Applicant Requested 15% Augmentation of the Original Development Budget to Help Assist in Complying with Prevailing Wage and Other Federal Requirements.

Augmentation Calculation

15% Prevailing Wage Adjustment: **\$841,177** Site Work + Structures x 15% = Total Prevailing Wage Adjustment
(\$307,847 + \$5,300,000) X 15% = \$841,177

2008 TCAC Project Number: CA-2008-111

Original 2008 Federal Tax Credits Allocated: \$885,130

2008 Federal Tax Credits Exchanged/Returned: \$885,130

Applicable Fraction: X .85

Amount of Financing Requested: \$7,523,605 ((\$885,130 X .85) X 10)

Amount of Prevailing Wage Augmentation Requested: \$841,177

Revised ARRA Cash Request: \$8,364,782 (\$7,523,605 + \$841,177)

Cash Award Recommended: \$8,364,782

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)
4 Three-bedroom Units	30%	\$591
4 Three-bedroom Units	40%	\$788
31 Three-bedroom Units	50%	\$985
1 Three-bedroom Unit	Manager's Unit	\$948

Project Financing

Estimated Total Project Cost: \$11,508,948 Per Unit Cost: \$287,724

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
East West Bank	\$4,000,000	Fannie Mae	\$2,300,000
Deferred Developer Fee	\$1,219,902	Deferred Developer Fee	\$844,166
TCAC ARRA Funds	\$5,551,199	TCAC ARRA Funds	\$8,364,782
		TOTAL	\$11,508,948

Income and Expense Statement for Year 1

Gross Residential Rents:	\$446,976
Miscellaneous Income:	\$0
Less Vacancy Rate: 5%	\$(22,349)
Total Effective Gross Income:	\$424,627
Less Total Expenses/Reserves:	\$201,331
Net Operation Income:	\$223,296
Debt Service:	\$185,349
Debt Service Ratio:	1.20 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), Section 1602 funds for the project. This Conditional Reservation would not constitute a commitment. The provision of any funds is conditioned on TCAC's determination to proceed with, modify or cancel the project based on further underwriting and review.

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