

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2009 Cash in Lieu of Credits – Section 1602 Funds

August 26, 2009

REVISED – 11-24-09

Project Number CA-2009-579

Project Name Desert Oak Apartments

Address: 2870 Oak Creek Road

Mojave, CA 93501

County: Kern

Applicant Information

Applicant: Kern 2008 Community Partners, LP

Contact Wilfred N Cooper, Jr.

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Irvine, CA 92614

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General Partner Type: Joint Venture

The general partner or principal owner is Kern Community Partners, LLC.

Project Information

Construction Type: Acquisition and Rehabilitation

Federal Subsidy: Tax-Exempt/RHS

HCD MHP Funding: No

Total # of Units: 42

Total # Residential Buildings: 6

Information

Housing Type: At-Risk

Proposed Average Affordability: 42.02

Davis-Bacon Required: No

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: **\$93,636**

Site Work + Structures x 15% = Total Prevailing Wage Adjustment
(\$0 + \$624,241) X 15% = \$93,636

2009 TCAC Project Number: CA-2009-814

Federal/Annual

2009 Federal Tax Credits Reserved: \$112,028

2009 Federal Reserved Tax Credits Exchanged/Returned: \$112,028

Original Net Equity Factor: (Max .85 for 2008 & .80 for 2009) .85 Fed

Amount of Financing Requested: \$896,224 ((\$112,028 X .85) X 10)

Amount of Prevailing Wage Augmentation Requested: \$93,636

Revised ARRA Cash Request: \$989,860 (\$896,224 + \$93,636)

Total Cash Award Recommended: \$989,860

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"/> At-Risk Project	30	30
<i>Total Project Cost/Cash Request Points (Maximum of 100 points)</i>		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: \$3,797,976		
Cash Award Request: \$896,224		
Total Points Awarded: $100 - (\$896,224 / \$3,797,976 \times 100) = 76.4025$	100	76.4025
<i>Total Average Affordability Points (Maximum of 100 points)</i>		
Projects Original Proposed Average Affordability: 42.02%		
60% - Average Affordability X 5 Points = $(60\% - 42.02\%) \times 5 = 89.90$	100	89.90
Total Points	275	196.3025

Approved 2009 TCAC Proposed Rent and Income Levels

<u>Unit Type & Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
4 One-Bedroom	50%	\$504
10 One-Bedroom	60%	\$605
7 Two-Bedroom	50%	\$605
14 Two-Bedroom	60%	\$726
2 Three-Bedroom	50%	\$698
4 Three-Bedroom	60%	\$839
1 Two-Bedroom	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$3,891,612

Per Unit Cost: \$92,657

Bonneville Multifamily – T.E. Bonds	\$1,810,000	Bonneville Multifamily – T.E. Bonds	\$985,000
USDA Rural Development	\$1,711,815	USDA Rural Development	\$1,711,815
TCAC ARRA Funds	\$276,161	Deferred Developer Fee	\$77,452
		RD Reserves	\$127,485
		TCAC ARRA Funds	\$989,860
		TOTAL	\$3,891,612

Income and Expense Statement for Year 1

Gross Residential Rents:	\$294,600
Rental Subsidy Income:	\$26,040
Miscellaneous Income:	\$6,900
Vacancy Rate: 5%	(\$25,615)
Total Effective Gross Income:	\$301,889
Less Total Expenses/Reserves:	\$183,358
Net Operation Income:	\$118,531
Debt Service:	\$103,418
Net Cash Flow	\$15,113
Debt Service Ratio:	1.15 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.

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