

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2009 Cash in Lieu of Credits –TCAP Funds & HCD Loan Guarantee**  
**December 16, 2009**

**Project Number** CA-2009-593

**Project Name** Young Burlington Apartments  
**Site Address:** 820 South Burlington Avenue  
Los Angeles, CA 90057 County: Los Angeles  
**Census Tract:** 2094.03

**Applicant Information**

**Applicant:** 820 Burlington L.P. and Women Organizing Resources Knowledge & Services  
**Contact:** Romona Rich  
c/o W.O.R.K.S.  
**Address:** 1139 West 6<sup>th</sup> Street, 2<sup>nd</sup> Floor  
Los Angeles, CA 90017  
**Phone:** (714) 680-0210 Fax: (714) 680-9891  
**Email:** rrich741@sbcglobal.net

General Partner Type: Nonprofit

The general partner or principal owner is Women Organizing Resources Knowledge & Services (W.O.R.K.S.).

**Project Information**

**Housing Type:** Special Needs  
**Construction Type:** New Construction  
**Rental/Operating Subsidy:** 100% (20 Units – HACLA 20 units 10 yr. & LACDMH 14 units 15 yr.)  
**HCD Funding:** Yes  
**Total # of Units:** 21  
**Total # of Residential Units:** 20  
**Total # Residential Buildings:** 1  
**% and Number of Tax Credit Units:** 100% - 20 units

**Davis-Bacon Required:** Yes

**NEPA Required:** Yes

**State Prevailing Wages Required:** No

In the original application, the applicant showed in the budget that prevailing wages were being paid and that they were complying with prevailing wage and other federal requirements.

**2009 TCAC Project Number:** CA-2009-011

**2009 Annual Federal Tax Credits Reserved:** \$550,614

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

**2009 Federal Reserved Tax Credits Exchanged/Returned:** \$550,514

**Original Net Equity Factor: (maximum \$0.80 for 2009)** \$0.85

**Calculated Amount of ARRA Funds:**  $(\$550,514 \times 10 \times 0.73) = \$4,018,752$

**Calculated/Awarded ARRA Gap Cash:**  $(\$550,514 \times 10 \times 0.12) = \$660,617$

**Total ARRA Cash Requested:** \$4,404,912 (\$3,744,295 (ARRA/Equity) + \$660,617 (Gap Funds)) Based on .80

**Total Cash Award Recommended:** \$4,679,369 (\$4,018,752 (ARRA/Equity) + \$660,617 (Gap Funds))

**HCD Bridge Loan Requested & Recommended:** \$2,731,840

**Income/Rent Targeting**

55-Year Use/Affordability Restriction: Yes  
 Number of Units @ or below 25% of area median income: 14  
 Number of Units @ or below 30% of area median income: 6

**Approved 2009 TCAC Proposed Rent and Income Levels**

<u>Unit Type &amp; Number</u>	<u>% of Area Median Income</u>		<u>Proposed Rent</u> (including utilities)
7 One-bedroom Units	30%	23%	\$339
7 One-bedroom Units	50%	23%	\$339
3 One-bedroom Units	30%	26%	\$374
3 One-bedroom Units	50%	26%	\$374
1 Two-bedroom Unit		Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$11,006,655      Per Unit Cost: \$524,126

<u>Construction Financing</u>		<u>Permanent Financing</u>	
LAHD – CRA & McKinney	\$1,845,000	LAHD – CRA & McKinney	\$1,845,000
California Bank & Trust	\$4,592,173	HCD – MHP	\$2,731,840
LA County Dept. of Mental Health	\$1,400,000	LA County Dept. of Mental Health	\$1,400,000
Deferred Costs	\$1,279,735	Deferred Developer Fee	\$149,596
TCAC ARRA Award	\$1,871,748	In Lieu Fee Contribution/WORKS	\$200,000
		Investor Equity	\$850
		TCAC ARRA Award	\$4,679,369
		<b>TOTAL</b>	<b>\$11,006,655</b>

**Income and Expense Statement for Year 1**

<b>Gross Residential Rents:</b>	\$70,404
<b>Total Rental Subsidy Income:</b>	\$195,036
<b>MHSA Operating Subsidy:</b>	\$90,000
<b>Miscellaneous Income:</b>	\$2,520
<b>Total Vacancy Rate Loss:</b>	(\$35,796)
<b>Total Effective Gross Income:</b>	\$322,164
<b>Less Total Expenses/Reserves:</b>	\$263,145
<b>Net Operation Income:</b>	\$59,019

<b>Debt Service:</b>	\$17,221
<b>Net Cash Flow</b>	\$41,798
<b>Debt Service Ratio:</b>	3.43 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.