

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2009 Cash in Lieu of Credits – Section 1602 Funds**

**December 16, 2009**

**Project Number** CA-2009-600

**Project Name** Harmon Gardens  
**Site Address:** 3240 Sacramento Street  
Berkeley, CA 94702  
**Census Tract:** 4240.02

**County:** Alameda

**Applicant Information**

**Applicant:** Affordable Housing Associates  
**Contact:** Eve Stewart  
**Address:** 1250 Addison Street, Suite G  
Berkeley, CA 94702  
**Phone:** (510) 649-8500  
**Email:** estewart@ahainc.org

**Fax:** (510) 649-0312

**General Partner Type:** Nonprofit

The general partner or principal owner is AHA Development Inc.

**Project Information**

**Housing Type:** Special Needs  
**Construction Type:** New Construction  
**Rental/Operating Subsidy:** 100% (10 Units MHSA Operating Subsidy & 5 Units Section 8)  
**HCD Funding:** Yes  
**Total # of Units:** 16  
**Total # of Residential Units:** 15  
**Total # Residential Buildings:** 1  
**% and Number of Tax Credit Units:** 100% - 15 units

**Davis-Bacon Required:** Yes

**NEPA Required:** Yes

**State Prevailing Wages Required:** Yes

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.

**15% Prevailing Wage Adjustment Requested:** No

**2009 TCAC Project Number:** CA-2009-049

**2009 Annual Federal Tax Credits Reserved:** \$379,876

**2009 Federal Reserved Tax Credits Exchanged/Returned:** \$379,876

**Original Net Equity Factor: (maximum \$0.80 for 2009)** \$0.70

**Calculated/Requested Amount of ARRA Funds:**  $(\$379,876 \times 10 \times 0.70) = \$2,659,132$

**Calculated/Awarded ARRA Gap Cash:**  $(\$379,876 \times 10 \times 0.10) = \$379,876$

**Total ARRA Cash Award Requested: \$3,039,008** (\$2,659,132 (ARRA/Equity) + \$379,876 (Gap Funds))

**Total Cash Award Recommended: \$3,039,008**

**Income/Rent Targeting**

55-Year Use/Affordability Restriction: Yes  
 Number of Units @ or below 20% of area median income: 10  
 Number of Units @ or below 50% of area median income: 5

**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)
10 Studio Units	30%	18%	\$272
5 Studio Units	50%	50%	\$781
1 Two-bedroom Units	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$6,253,149                      Per Unit Cost: \$390,822

<u>Construction Financing</u>		<u>Permanent Financing</u>	
Wells Fargo	\$2,750,000	HCD – MHP Supportive Housing	\$1,151,090
City of Berkeley Housing Trust Fund	\$611,000	City of Berkeley Housing Trust Fund	\$611,000
City of Berkeley – MHSA	\$500,000	City of Berkeley – MHSA	\$500,000
Alameda County – MHSA	\$500,000	Alameda County – MHSA	\$500,000
Corp. for Supportive Housing – Grant	\$20,000	Corp. for Supportive Housing – Grant	\$20,000
Deferred Developer Fee	\$282,048	AHP	\$150,000
Cost Deferred Until Perm. Close	\$282,048	Deferred Developer Fee	\$282,051
Investor Equity	\$545,084	TCAC ARRA Award	\$3,039,008
ARRA Exchange Amount	\$1,045,017	<b>TOTAL</b>	<b>\$6,253,149</b>

**Income and Expense Statement for Year 1**

<b>Gross Residential Rents:</b>	\$75,180
<b>Total Rental Subsidy Income:</b>	\$69,931
<b>Miscellaneous Income:</b>	\$1,334
<b>Total Vacancy Rate Loss:</b>	(\$8,230)
<b>Total Effective Gross Income:</b>	\$138,215
<b>Less Total Expenses/Reserves:</b>	\$108,801
<b>Net Operation Income:</b>	\$29,414
<b>Debt Service:</b>	\$19,035
<b>Net Cash Flow</b>	\$10,379
<b>Debt Service Ratio:</b>	1.27 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.