

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2009 Cash in Lieu of Credits – Section 1602 Funds
December 16, 2009

Project Number CA-2009-611

Project Name Palace Hotel
Site Address: 2640 East Anaheim Street
Long Beach, CA 90804 **County:** Los Angeles **Census Tract:** 5769.02

Applicant Information

Applicant: LINC Housing Corporation
Contact: Suny Lay Chang
Address: 110 Pine Avenue, Suite 500
Long Beach, CA 90802
Phone: (562) 684-1108 **Fax:** (562) 684-1137 **Email:** schang@linchousing.org

General Partner Type: Nonprofit
The general partner or principal owner is LINC Housing Corporation.

Project Information

Housing Type: Special Needs
Construction Type: Rehabilitation
Rental/Operating Subsidy: 100% (13 Units – City of Long Beach/HUD Sect. 8 Project-based Vouchers)
HCD Funding: No
Total # of Units: 14
Total # Residential Buildings: 1
Federal Set-Aside Elected: 40%/60%
% & No. of Tax Credit Units: 100% - 13 units

Davis-Bacon Required: No

NEPA Required: Yes

State Prevailing Wages Required: Yes

15% Prevailing Wage Adjustment: N/A

2009 TCAC Project Number: CA-2009-204

2009 Annual Federal Tax Credits Reserved: \$310,430

2009 Federal Reserved Tax Credits Exchanged/Returned: \$310,430

Original Net Equity Factor: (maximum \$0.80 for 2009) \$0.70257 Fed

Calculated/Requested Amount of ARRA Funds: $(\$310,430 \times 10 \times 0.70257) = \$2,180,989$

Calculated/Awarded ARRA Gap Funds: $(\$310,430 \times 10 \times 0.12) = \$372,516$

Total Cash Award Recommended: \$2,553,505 $(\$2,180,989 \text{ ARRA Funds} + \$372,516 \text{ ARRA Gap Funds})$

Income/Rent Targeting

55-Year Use/Affordability Restriction: Yes
 Number of Units @ or below 30% of area median income: 2
 Number of Units @ or below 35% of area median income: 2
 Number of Units @ or below 40% of area median income: 9

<u>Unit Type & Number</u>	<u>% of Area Median Income</u>		<u>Proposed Rent</u> (including utilities)
2 SRO/Studio	30%	30%	\$416
2 SRO/Studio	35%	35%	\$485
9 SRO/Studio	40%	39.20%	\$543
1 SRO/Studio	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$6,059,360 Estimated Total Commercial/Retail Cost: \$516,510
 Estimated Total Residential Cost: \$5,542,850 Per Unit Cost: \$395,918

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
US Bank	\$1,000,000	Long Beach Housing Dev. Company	\$2,983,000
Long Beach Housing Dev. Company	\$2,852,204	FHLB – AHP	\$250,000
FHLB – AHP	\$250,000	National Trust Loan Fund	\$100,000
National Trust Loan Fund	\$100,000	G.P. Equity/Home Depot Grant	\$30,000
G.P. Equity/Home Depot Grant	\$30,000	Park & Recreation Fee Waiver	\$47,967
Park & Recreation Fee Waiver	\$47,967	Preservation Partners – L.P. Equity	\$98,888
Costs Deferred During Construction	\$620,860	TCAC ARRA Award	\$2,553,505
Preservation Partners – L.P. Equity	\$164,953		
TCAC ARRA Award (40%)	\$993,376	TOTAL	\$6,059,360

Income and Expense Statement for Year 1

Gross Residential Rents:	\$80,268
Total Rental Subsidy Income:	\$60,758
Miscellaneous Income:	\$1,680
Total Vacancy Rate Loss:	(\$14,269)
Total Effective Gross Income:	\$128,432
Less Total Expenses/Reserves:	\$100,035
Net Operation Income:	\$28,397
Debt Service:	\$0 – no hard debt service
Net Cash Flow	\$28,397
Debt Service Ratio:	N/A – no hard debt service

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.