

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2009 Cash In Lieu of Credits – Section 1602 Funds**  
**January 27, 2010**

**Project Number** CA-2010-504

**Project Name** River Garden Apartments  
**Address:** 3195 Briarwood Avenue  
Anderson, CA 96007 County: Shasta

**Applicant Information**

**Applicant:** Highland Property Development LLC  
**Contact** William E. Rice  
**Address:** 250 W. Colorado Blvd., Ste. 210  
Arcadia, CA 91007  
**Phone:** (626) 294-9230 **Fax:** (626) 294-9270 **Email:** b.rice@highlandcompanies.com

**General Partner Type:** Joint Venture  
The general partners or principal owners are HPD Anderson LLC and Hearthstone Housing Foundation.

**Project Information**

**Housing Type:** At-Risk  
**Construction Type:** Acquisition and Rehabilitation  
**Rental/Operating Subsidy:** 90% (95 units - USDA RHS 521)  
**HCD MHP Funding:** No  
**Total # of Units:** 108  
**Total # Residential Buildings:** 9  
**Federal Setaside Elected:** 40%/60%  
**% & No. of Targeted Units:** 100% - 106 units  
**Proposed Average Affordability:** 57.2905% (without incorporating rental subsidy)

**Davis-Bacon Required:** No

**NEPA Required:** No

**State Prevailing Wages Required:** Yes (based on ARRA 1602 funds)

**15% Prevailing Wage Adjustment:** \$323,891 ((\$78,400 Site Work + \$2,080,870 Structures) X 15%)

**2009 TCAC Project Number:** CA-2009-867

**2009 Annual Federal Tax Credits Reserved:** \$367,556

**2009 Federal Reserved Tax Credits Exchanged/Returned:** \$367,556

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

**Calculated/Requested Amount of ARRA Funds:** (\$367,556 X 10 X 0.80) = \$2,940,448

**Total Cash Award Recommended: \$3,264,339** (\$2,940,448 ARRA 1602 Funds + \$323,891 Prevailing Wage Adjustment)

<b>ARRA Scoring Criteria</b>	<b>Max. Possible Points</b>	<b>Points Awarded</b>
<i>Housing Type Points (Maximum of 50 points)</i>		
<input checked="" type="checkbox"/> At-Risk Project	<b>30</b>	<b>30</b>
<i>Total Project Cost/Cash Request Points (Maximum of 100 points)</i>		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: <b>\$10,695,604</b>		
Cash Award Request: <b>\$2,940,448</b>		
Total Points Awarded: $100 - (\$2,940,448 / \$10,695,604 \times 100) = 72.5079$	<b>100</b>	<b>72.5079</b>
<i>Total Average Affordability Points (Maximum of 100 points)</i>		
<b>Project's Average Affordability – Including Rental Subsidy: 40.0000%</b>		
$60\% - \text{Average Affordability} \times 5 \text{ Points} = (60\% - 40.0000\%) \times 5 = 100$	<b>100</b>	<b>100</b>
<i>Total 15-Year Project-Based Rental Assistance Points (Maximum of 25 points)</i>		
<input checked="" type="checkbox"/> Project with Less than 100% 15-Year Project-Based Rental Assistance: 90%		
$25 \text{ Points} - ((100\% \text{ minus } 90\%) \text{ divided by } 2, \text{ then result rounded down}) = 20$	<b>25</b>	<b>20</b>
<b>Total Points</b>	<b>275</b>	<b>222.5079</b>

**Income/Rent Targeting**

55-Year Use/Affordability Restriction: Yes  
 Number of Units @ or below 50% of area median income: 95  
 Number of Units @ or below 60% of area median income: 11

<b>Unit Type &amp; Number</b>	<b>2009 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
8 One-bedroom Units	50%	\$523
68 One-bedroom Units	50%	\$523
8 One-bedroom Units	60%	\$627
3 Two-bedroom Units	50%	\$627
16 Two-bedroom Units	50%	\$627
3 Two-bedroom Units	60%	\$654
2 Two-bedroom Units	Manager's Unit	\$0

### Project Financing

Estimated Total Project Cost: \$11,019,495 Per Unit Cost: \$102,032

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
JPMorgan Chase Bank	\$5,450,000	Bonneville Mortgage	\$4,250,000
USDA	\$1,930,000	USDA	\$1,930,000
Seller Note	\$400,000	Seller Note	\$400,000
Deferred Developer Fee	\$1,096,501	Deferred Developer Fee	\$1,175,156
TCAC ARRA Award (40%)	\$1,305,736	TCAC ARRA Award (1602 Funds)	\$3,264,339
		<b>TOTAL</b>	<b>\$11,019,495</b>

### Income and Expense Statement for Year 1

<b>Gross Residential Rents:</b>	\$712,380
<b>Total Rental Subsidy Income:</b>	\$128,052
<b>Miscellaneous Income:</b>	\$16,200
<b>Total Vacancy Rate Loss:</b>	(\$42,832)
<b>Total Effective Gross Income:</b>	\$813,800
<b>Less Total Expenses/Reserves:</b>	\$459,000
<b>Net Operation Income:</b>	\$354,800
<b>Debt Service:</b>	\$298,583
<b>Net Cash Flow</b>	\$56,217
<b>Debt Service Ratio:</b>	1.19 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.