

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2009 Gap Financing – Section 1602 Funds

January 27, 2010

Project Number CA-2010-512

Project Name Oakridge Apartments

Site Address: 10 Willowood Drive

Oakdale, CA 95361

County: Stanislaus

Census Tract: 0002.01

Applicant Information

Applicant: Chelsea Investment Corp. and Pacific Southwest Community Development Corp.

Contact: Erin Autry

c/o Chelsea Investment Corporation

Address: 5993 Avenida Encinas, Suite 101

Carlsbad, CA 92008

Phone: (760) 456-6000

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Email: eautry@chelseainvestco.com

General Partner Type: Joint Venture

The general partners or principal owners are CIC Oakridge, LLC and Pacific Southwest Community Development Corporation.

Project Information

Construction Type: Acquisition and Rehabilitation

Federal Subsidy: Tax-Exempt / USDA RHS 515 & 538

HCD MHP Funding: No

Total # of Units: 41

Total # Residential Buildings: 3

Federal Setaside Elected: 40%/60%

% & No. of Targeted Units: 100% - 40 units

Information

Housing Type: At-Risk Proposed Average Affordability: 40%

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

Site Work + Structures x 15% = Total Prevailing Wage Adjustment

15% Prevailing Wage Adjustment: \$126,536 (\$0 + \$843,575) X 15% = \$126,536

2009 TCAC Project Number: CA-2009-829

Federal Credit - ** State Credit

Original 2009 Federal & State Tax Credits Reserved: \$167,899 \$622,755

**** ARRA cash is not allowed to be taken on State Tax Credits in this Second 4% Round.**

Federal Credit - State Credit

Total 2009 Federal Reserved Tax Credits Retained: \$167,899 \$622,755

Current Net Equity Factor: .63500

Amount of Net Equity Gap Factor Requested: $((\$167,899 \times 10) / \$186,836) = 8.9864$ Cents

Combined Net Equity Factor Needed: $(.6350 + .89864) = .724864$

Calculation of the Amount of Gap Financing Requested: $((\$167,899 \times 10) / 8.9864) = \mathbf{\$186,836}$

Amount of Prevailing Wage Augmentation Requested: **\$126,536**

Total ARRA Cash Request: \$313,372 $(\$186,836 + \$126,536)$

Total Gap Cash Award Recommended: **\$313,372**

ARRA Scoring Criteria	Max. Possible Points	Points Awarded
<i>Housing Type Points (Maximum of 50 points)</i>		
<input checked="" type="checkbox"/> At-Risk Project	30	30.0000
<i>Total Project Cost/Cash Request Points (Maximum of 100 points)</i>		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: \$5,433,091		
Cash Award Request: \$186,836		
Total Points Awarded: $100 - (\$186,836 / \$5,433,091 \times 100) = 96.5611$	100	96.5611
<i>Total Average Affordability Points (Maximum of 100 points)</i>		
Projects Original Proposed Average Affordability: 40.0000%		
$60\% - \text{Average Affordability} \times 5 \text{ Points} = (60\% - 40.0000\%) \times 5 = 100$	100	100.0000
<i>Total 15-Year Project-Based Rental Assistance Points (Maximum of 25 points)</i>		
No documents verifying the rental subsidy, only the USDA loan	25	0.0000
Total Points	275	251.5611

Income/Rent Targeting

55-Year Use/Affordability Restriction: Yes

Number of Units @ or below 60% of area median income: 12

Number of Units @ or below 50% of area median income: 8

Number of Units @ or below 40% of area median income: 16

Number of Units @ or below 30% of area median income: 4

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)
7 One-Bedroom	60%	\$665
5 One-Bedroom	50%	\$558
10 One-Bedroom	40%	\$447
2 One-Bedroom	30%	\$335
5 Two-Bedroom	53%	\$697
3 Two-Bedroom	50%	\$670

6 Two-Bedroom	40%	\$536
2 Two-Bedroom	30%	\$402
1 Two-Bedroom	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$5,559,627 Per Unit Cost: \$132,514

Construction Financing		Permanent Financing	
Bonneville Mortgage – RHS 538	\$2,713,424	Bonneville Mortgage – RHS 538	\$1,142,000
City of Oakdale RDA	\$500,000	City of Oakdale RDA	\$1,000,000
USDA RHS – 515 Assumed	\$778,000	USDA RHS – 515 Assumed	\$750,000
Deferred Developer Fee	\$113,077	USDA RHS – 515 New Loan	\$820,000
Investor Equity	\$1,189,600	Deferred Developer Fee	\$337,970
TCAC ARRA Gap Funds	\$313,372	TCAC ARRA Gap Funds	\$313,372
		Investor Equity	\$1,497,785
		TOTAL	\$5,559,627

Income and Expense Statement for Year 1

Gross Residential Rents:	\$288,870	Net Vacancies included
Rental Subsidy Income:	\$0	
Miscellaneous Income:	\$0	
Vacancy Rate: 5%	\$0	
Total Effective Gross Income:	\$288,870	
Less Total Expenses/Reserves:	\$160,991	
Net Operation Income:	\$127,879	
Debt Service:	\$106,017	
Net Cash Flow	\$21,862	
Debt Service Ratio:	1.20 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.