

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2009 Cash in Lieu of Credits - TCAP Funds
July 8, 2009

Project Number CA-2009-503

Project Name Turk/Eddy Preservation Project
Site Address: 161-165 Turk Street & 249 Eddy Street
San Francisco, CA 94102 County: San Francisco Census Tract: 0125

Applicant Information

Applicant: Tenderloin Neighborhood Development Corporation
Sponsor: Adhi Nagraj & Diep Do
Address: 201 Eddy Street
San Francisco, CA 94102
Phone: (415) 776-2151 **Fax:** (415) 614-9654 **email:** anagraj@tndc.org & diepdo@tndc.org

General Partners(s)Type: Nonprofit
The general partner or principal owner is Tenderloin Neighborhood Development Corporation.

Information

Housing Type: SRO
Geographic Area: San Francisco County
Proposed Average Affordability: 36.6633%

Project Information

Construction Type: Acquisition and Rehabilitation
Total # of Units: 82
Total # Residential Buildings: 2

Davis-Bacon or NEPA Required: No

State Prevailing Wages Required: Yes

2007 TCAC Project Number: CA-2007-115

Original 2007 Federal Tax Credits Allocated: \$1,308,331

2007 Federal Tax Credits Retained: \$100

2007 Federal Tax Credits Exchanged/Returned: \$1,308,231

Applicable Fraction: X .85

Cash Award Recommended: \$11,119,964

Approved 2007 TCAC Proposed Rent and Income Levels

<u>Unit Type & Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
38 SRO	35%	\$693
2 1 Bedroom	35%	\$742
38 SRO	40%	\$757
2 1 Bedroom	40%	\$848
1 SRO	Manager's Unit	\$0
1 1 Bedroom	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$21,837,723 Per Unit Cost: \$266,314

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
California Housing Finance Agency	\$12,875,000	Permanent Loan	\$3,008,700
SF RDA	\$3,336,260	SF RDA	\$6,050,210
HUD Existing Residual Receipts	\$298,197	SF RDA – Accrued Interest	\$384,357
Costs Deferred to Permanent Period	\$1,348,522	Residual Receipts Account	\$301,756
TCAC ARRA Funds	\$378,649	Income for Operations	\$441,886
		AHP	\$530,000
		Investor Equity	\$850
		TCAC ARRA Funds	\$11,119,964
		TOTAL	\$21,837,723

Income and Expense Statement for Year 1

Gross Residential Rents:	\$1,247,808
Miscellaneous Income:	\$8,851
Less Vacancy Rate: 5%	\$(62,833)
Total Effective Gross Income:	\$1,193,826
Less Total Expenses/Reserves:	\$750,768
Net Operation Income:	\$479,958
Debt Service:	\$348,939
Debt Service Ratio:	1.17 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.

All ARRA funded projects will be required to track and report on all jobs created or retained as a result of the funds.