

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

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

**July 8, 2009**

**Project Number** CA-2009-505

**Project Name** The Sagebrush of Downtown

Site Address: 730 West Lancaster Blvd.

Lancaster, CA 93534 County: Los Angeles

Census Tract: 9008.06

**Applicant Information**

Applicant: Lean Mean Fighting Machine, L.P.

Sponsor: Carol Cromar

Address: 4220 West 2100 South Suite B  
Salt Lake City, UT 84120

Phone: (801) 328-3644

Fax: (801) 973-6870

email: [c.cromar@earthlink.net](mailto:c.cromar@earthlink.net)

General Partners(s) Type: Joint Venture

The general partner(s) or principal owner(s) are Housing Corporation of America, Inc. and In-Site Development LLC.

**Information**

Set-Aside: Small Development

Housing Type: Large Family

Geographic Area: Los Angeles

Proposed Average Affordability: 50.00%

**Project Information**

Construction Type: New Construction/Rehabilitation

Total # of Units: 21

Total # Residential Buildings: 1

**Davis-Bacon or NEPA Required:** No

**State Prevailing Wages Required:** No

**2008 TCAC Project Number:** CA-2008-019

**Original 2008 Federal Tax Credits Allocated:** \$645,470

**2008 Federal Tax Credits Exchanged/Returned:** \$645,470

**Applicable Fraction:** X .85

**Cash Award Recommended:** \$5,486,495

**Approved 2008 TCAC Proposed Rent and Income Levels**

<u>Unit Type &amp; Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
2 Four-bedroom units	30%	\$591
2 Four-bedroom units	40%	\$810
10 Four-bedroom units	50%	\$1,030
6 Four-bedroom units	60%	\$1,250
1 Four-bedroom unit	Manager unit	\$1,250

## Project Financing

Estimated Total Project Cost: \$9,018,495 Cost Per Unit: \$429,452

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
East West Bank	\$3,300,000	PNC Bank	\$1,600,000
City of Lancaster RDA	\$1,932,000	City of Lancaster RDA	\$1,932,000
TCAC ARRA Funds	\$5,023,780	TCAC ARRA Funds	\$5,486,495
		<b>TOTAL</b>	<b>\$9,018,495</b>

## Income and Expense Statement for Year 1

<b>Gross Residential Rents:</b>	\$262,224
<b>Miscellaneous Income:</b>	\$2,016
<b>Less Vacancy Rate: 5%</b>	\$(13,212)
<b>Total Effective Gross Income:</b>	\$251,028
<b>Less Total Expenses/Reserves:</b>	\$97,201
<b>Net Operation Income:</b>	\$153,827
<b>Debt Service:</b>	\$128,938
<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.