

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2009 Cash in Lieu of Credits - Section 1602 Funds
July 8, 2009

Project Number CA-2009-513

Project Name Valley Oaks Apartments Phase II
Site Address: 351 N. West Street
Tulare, CA 93274 County: Tulare Census Tract: 22.02

Applicant Information

Applicant: Tulare II Family Housing Partners, L.P.
Sponsor: Kevin P. Payne
Address: 31920 Del Obispo Street, Suite 260
San Juan Capistrano, CA 92675
Phone: (949) 542-8700 **Fax:** (949) 542- 8702
Email: kpayne@paynedev.com

General Partners(s) Type: Joint Venture
The general partner(s) or principal owner(s) are Las Palmas Foundation and Payne Development, LLC.

Information

Housing Type: Large Family
Geographic Area: Central: Tulare
Proposed Average Affordability: 49.90%

Project Information

Construction Type: New Construction
Total # of Units: 72
Total # Residential Buildings: 9

Davis-Bacon or NEPA Required: No
State Prevailing Wages Required: No
2008 TCAC Project Number: CA-2008-077
Original 2008 Federal Tax Credits Allocated: \$959,963
2008 Federal Tax Credits Exchanged/Returned: \$959,963
Applicable Fraction: X .83
Cash Award Recommended: \$7,967,693

Approved 2008 TCAC Proposed Rent and Income Levels

<u>Unit Type & Number</u>	<u>% of Area Median Income</u>	(including utilities)
2 Two-Bedroom Units	30%	\$363
2 Two-Bedroom Units	40%	\$484
13 Two-Bedroom Units	50%	\$605
10 Two-Bedroom Units	60%	\$726
4 Three-Bedroom Units	30%	\$419

4	Three-Bedroom Units	40%	\$559
18	Three-Bedroom Units	50%	\$699
9	Three-Bedroom Units	60%	\$839
1	Four-Bedroom Unit	30%	\$468
1	Four-Bedroom Unit	40%	\$624
4	Four-Bedroom Units	50%	\$780
2	Four-Bedroom Units	60%	\$936
1	Two-Bedroom Unit	Manager's Unit	\$675
1	Three-Bedroom Unit	Manager's Unit	\$778

Project Financing

Estimated Total Project Cost: \$12,046,162 Per Unit Cost: \$167,308

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
The Richman Group	\$8,599,000	Bank of America	\$2,268,000
Deferred Developer Fee	\$1,010,000	Deferred Developer Fee	\$560,469
TCAC ARRA Funds	\$1,992,000	City of Tulare RDA	\$1,250,000
		TCAC ARRA Funds	\$7,967,693
		TOTAL	\$12,046,162

Income and Expense Statement for Year 1

Gross Residential Rents:	\$542,832
Miscellaneous Income:	\$17,280
Less Vacancy Rate: 5%	\$(39,208)
Total Effective Gross Income:	\$520,904
Less Total Expenses/Reserves:	\$302,052
Net Operation Income:	\$218,853
Debt Service:	\$190,298
Debt Service Ratio:	1.15 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.