

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

Project Number CA-2009-520

Project Name Cedar Gateway
Site Address: 1620 6th Avenue
San Diego, CA 92101 **County:** San Diego
Census Tract: 56.0

Applicant Information

Applicant: Cedar Gateway, L.P.
Sponsor: Gary Squier
Address: 3129 6th Street
Santa Monica, CA 90405
Phone: 310-850-9043 **Fax:** 310-392-5831
Email: gary@squierproperties.com

General Partners(s) Type: Joint Venture
The general partner(s) or principal owner(s) are Cedar Squier ROEM, LLC and Pacific Housing, Inc.

Information

Housing Type: Large Family
Geographic Area: San Diego
Proposed Average Affordability: 37.53%

Project Information

Construction Type: New Construction
Total # of Units: 65
Total # Residential Buildings: 1

Davis-Bacon or NEPA Required: No
State Prevailing Wages Required: Yes
2008 TCAC Project Number: CA-2008-126
Original 2008 Federal Tax Credits Allocated: \$1,650,000
2008 Federal Tax Credits Retained: \$100
2008 Federal Tax Credits Exchanged/Returned: \$1,649,900
Applicable Fraction: X .85
Cash Award Recommended: \$14,024,415

Approved 2008 TCAC Proposed Rent and Income Levels

2008 Rents for 2nd Round 2008

<u>Unit Type & Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
23 One-Bedroom Units	25%	\$370
2 Two-Bedroom Units	30%	\$533
12 Two-Bedroom Units	50%	\$811
3 Three-Bedroom Units	30%	\$616
23 Three-Bedroom Units	50%	\$912
2 Two-Bedroom Units	Manager's Units	\$789

Project Financing

Estimated Total Project Cost: \$33,559,573 Per Unit Cost: \$469,431
 Estimated Residential Cost: \$30,513,009
 Estimated Commercial Cost: \$3,046,564

Construction Financing

Permanent Financing

Source	Amount	Source	Amount
CalHFA	\$18,800,000	CalHFA	\$2,710,000
CCDC*	\$3,294,900	CCDC*	\$3,661,000
CalHFA Gap loan	\$325,000	MHP	\$3,301,191
CCDC – deferred ground lease payment	\$308,000	CCDC – parking purchase	\$1,400,000
CCDC – parking purchase	\$1,400,000	CalHFA/MHSA loan	\$2,752,000
RDA ground lease (land value)	\$4,957,000	RDA ground lease (land value)	\$4,957,000
Deferred Developer Fee	\$1,400,000	Remediation Funds	\$94,330
TCAC ARRA Funds	\$5,609,660	Lease Up Income	\$68,184
		Deferred Developer Fee	\$490,603
		Investor Equity	\$850
		TCAC ARRA Funds	\$14,124,415
		TOTAL	\$33,559,573

*Center City Development Corporation

Income and Expense Statement for Year 1

Gross Residential Rents:	\$538,632
Miscellaneous Income:	\$111,124
Less Vacancy Rate: 5%	\$(27,255)
Total Effective Gross Income:	\$649,756
Less Total Expenses/Reserves:	\$397,964
Net Operation Income:	\$251,792
Debt Service:	\$262,327
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), 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.