

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2009 Cash in Lieu of Credits - TCAP Funds & HCD Loan Guarantee
August 5, 2009
REVISED

Project Number CA-2009-532

Project Name Budget Inn

Site Address: 5321 Stockton Blvd.
Sacramento, CA 95820

County: Sacramento

Applicant Information

Applicant: Mercy Housing California

Sponsor: Wendy Saca

Address: 3120 Freeboard Dr., Suite 202
West Sacramento, CA 95691

Phone: (916) 414-4445

Fax: (916) 414-4490

Email: wsaca@mercyhousing.org

General Partner Type: Nonprofit

The general partner or principal owner is Mercy Housing CalWest

Information

Housing Type: Special Needs

Type of SpN: Homeless/Veterans

74 of 74 Special Need Units: 100%

Proposed Average Affordability: 19.90%

Project Information

Construction Type: Rehabilitation

Federal Subsidy: None

Total # of Units: 75

Total # Residential Buildings: 1

Davis-Bacon Required: No

NEPA Required: Yes

State Prevailing Wages Required: Yes

2008 TCAC Project Number: CA-2008-191

Original 2008 Federal & State Tax Credits Allocated: \$1,013,545 \$3,756,005

2008 Federal Tax Credits Retained: \$100

2008 State Tax Credits Retained: \$0

2008 Federal & State Tax Credits Exchanged/Returned: \$1,013,445 \$3,756,005

Current Net Equity Factor:	.84 Fed	.60 State
Amount of Net Equity Factor Requested:	(\$1,013,445 X 10 X .84)	(\$3,756,005 X .60)
Federal & State Totals	\$8,512,938	\$2,235,603
Total Cash Award Recommended:	\$10,678,371	
HCD Loan Guarantee Requested:	\$7,814,000	
HCD Loan Guarantee Recommended:	\$7,814,000	

Approved 2008 TCAC Proposed Rent and Income Levels

<u>Unit Type & Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
18 Studio Units	30%	\$256
19 1-Bedroom Units	30%	\$256
19 Studio Units	50%	\$256
18 1-Bedroom Units	50%	\$256
1 2-Bedroom	Manager's unit	\$0

Project Financing

Estimated Total Project Cost: \$22,987,986 Per Unit Cost: \$306,506

Permanent Financing

<u>Source</u>	<u>Amount</u>
HCD – MHP ARRA Guarantee	\$7,814,000
CalHFA - MHSA	\$2,500,000
SHRA	\$1,273,000
AHP	\$562,500
Deferred Developer Fee	\$159,265
Investor Equity	\$850
TCAC ARRA Funds	\$10,678,371
TOTAL	\$22,987,986

Income and Expense Statement for Year 1

Gross Residential Rents:	\$222,000
Rental Subsidy:	\$455,524
Miscellaneous Income:	\$4,500
Less Vacancy Rate: 10%	(\$54,316)
Total Effective Gross Income:	\$627,708
Less Total Expenses/Reserves:	\$621,013
Net Operation Income:	\$6,695

Debt Service:	\$43,319
Operating Deficit Reserve:	\$69,373
Debt Service Ratio:	1.3 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.

Numbers contained in the proposed financing are subject to update and will be refined within 30 days of loan execution agreement.