

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2009 - TCAP Funds**

**August 5, 2009**

**Gap Financing**

**Project Number** CA-2009-543

**Project Name** The Mediterranean

Site Address: 1800 – 1812 West Temple Street

Los Angeles, CA 90026

County: Los Angeles

Census Tract: 2084.00

**Applicant Information**

Applicant: The Mediterranean, a California Limited Partnership

Contact: Mr. Salim Karimi

Address: 5939 Monterey Road

Los Angeles, CA 90042-4942

Phone: (323) 254-3338 Fax: (323) 254-3449 email: [salim@gotoadi.com](mailto:salim@gotoadi.com)

General Partner Type: Joint Venture

The general partners or principal owners are Housing Alternatives, Inc. and SADI, LLC.

**Information**

Housing Type: Large Family

Proposed Average Affordability: 48.47%

**Project Information**

Construction Type: New Construction

Federal Subsidy: HOME

Total # of Units: 26

Total # Residential Buildings: 1

**Davis-Bacon Required:** Yes

**NEPA Required:** Yes

**State Prevailing Wages Required:** No

**2007 TCAC Project Number:** CA-2007-153

**Original 2007 Federal Tax Credits Allocated:** \$795,540

**Original 2007 Federal Tax Credits Retained:** \$795,540

**Amount of Gap Financing Requested:** \$517,101

**Current Net Equity Factor:** .784

**Amount of Net Equity Factor Requested:** .066 (\$795,540 X 10 X .066)

**Amount of Gap Financing Recommended:** \$517,101

**Approved 2007 TCAC Proposed Rent and Income Levels**

<u>Unit Type &amp; Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
1 Two-Bedroom	30%	\$499
3 Two-Bedroom	45%	\$749
7 Two-Bedroom	50%	\$832
3 Two-Bedroom	60%	\$999
1 Three-Bedroom	30%	\$576
1 Three-Bedroom	45%	\$865
4 Three-Bedroom	50%	\$961
1 Three-Bedroom	60%	\$1,154
1 Four-Bedroom	30%	\$643
1 Four-Bedroom	45%	\$965
1 Four-Bedroom	50%	\$1,072
1 Four-Bedroom	60%	\$1,287
1 Three-Bedroom	Manager's Unit	\$1,100

**Project Financing**

Estimated Total Project Cost: \$12,855,651 Per Unit Cost: \$494,448

**Revised Permanent Financing**

Source	Amount
CCRC	\$1,664,800
LAHD	\$2,559,552
Deferred Fees	\$746,349
General Partner Equity	\$21,572
General Partner Loan	\$1,101,912
TCAC ARRA Funds	\$517,101
Investor Equity	\$6,244,365
<b>TOTAL</b>	<b>\$12,855,651</b>

**Income and Expense Statement for Year 1**

<b>Gross Residential Rents:</b>	\$274,932
<b>Miscellaneous Income:</b>	\$4,680
<b>Less Vacancy Rate: 5%</b>	(\$13,981)
<b>Total Effective Gross Income:</b>	\$265,631
<b>Less Total Expenses/Reserves:</b>	\$127,600
<b>Net Operation Income:</b>	\$138,031
<b>Debt Service:</b>	\$119,776
<b>Debt Service Ratio:</b>	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.

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