

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

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

**August 26, 2009**

**REVISED**

**Project Number** CA-2009-582

**Project Name** Shannon Bay Apartments

Address: 5757 Shannon Bay Drive

Rocklin, CA 95677

County: Placer

**Applicant Information**

Applicant: HPD Shannon Bay LP

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General Partner Type: Joint Venture

The general partner(s) or principal owner(s) are Hearthstone Housing Foundation and HPD Shannon Bay LLC.

**Project Information**

Construction Type: Rehabilitation and Acquisition

Federal Subsidy: Tax-Exempt/USDA RD

HCD MHP Funding: No

Total # of Units: 50

Total # Residential Buildings: 9

**Information**

Housing Type: At-Risk

Proposed Average Affordability: 40.00

**Davis-Bacon Required:** No

**NEPA Required:** No

**State Prevailing Wages Required:** No

**2009 TCAC Project Number:** CA-2009-801

**Federal/Annual**

**2009 Federal Tax Credits Reserved:** \$267,677

**2009 Federal Reserved Tax Credits Exchanged/Returned:** \$267,677

**Original Net Equity Factor: (Max .85 for 2008 & .80 for 2009)** .80 Fed

**Calculated Amount of Cash Requested:** (\$267,677 X 10 X .80) = \$2,141,416

**Total Cash Award Recommended:** **\$2,141,416**

<b>ARRA Scoring Criteria</b>	<b>Max. Possible Points</b>	<b>Points Awarded</b>
<b><i>DDA Bonus Points</i></b>	<b>25</b>	<b>25</b>
<b><i>Housing Type Points (Maximum of 50 points)</i></b>		
<input checked="" type="checkbox"/> At-Risk Project	<b>30</b>	<b>30</b>
<b><i>Total Project Cost/Cash Request Points (Maximum of 100 points)</i></b>		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: \$8,195,603		
Cash Award Request: \$2,141,416		
Total Points Awarded: $100 - (\$2,141,416 / \$8,195,603 \times 100) = 73.8809$	<b>100</b>	<b>73.8711</b>
<b><i>Total Average Affordability Points (Maximum of 100 points)</i></b>		
Projects Original Proposed Average Affordability: 40%		
60% - Average Affordability X 5 Points = $(60\% - 40\%) \times 5 = 100$	<b>100</b>	<b>100</b>
<b>Total Points</b>	<b>275</b>	<b>228.8711</b>

**Approved 2009 TCAC Proposed Rent and Income Levels**

<b><u>Unit Type &amp; Number</u></b>	<b><u>% of Area Median Income</u></b>	<b><u>Proposed Rent</u></b> (including utilities)
6 One-Bedroom	50%	\$665
11 One-Bedroom	60%	\$798
7 Two-Bedroom	50%	\$798
18 Two-Bedroom	60%	\$958
3 Three-Bedroom	50%	\$923
4 Three-Bedroom	60%	\$1,107
1 Three-Bedroom	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$8,178,629

Per Unit Cost: \$163,573

JP Morgan Chase Bank	\$3,980,000	Bonneville USDA 538	\$3,980,000
USDA - Rural Development	\$1,207,093	USDA - Rural Development	\$1,207,093
City of Rocklin	\$500,000	City of Rocklin	\$500,000
Other Sources	\$984,496	Seller Carryback	\$235,000
TCAC ARRA Funds	\$856,566	Deferred Developer Fee	\$115,120
		TCAC ARRA Funds	\$2,141,416
		<b>TOTAL</b>	<b>\$8,178,629</b>

### **Income and Expense Statement for Year 1**

<b>Gross Residential Rents:</b>	\$476,880
<b>Rental Subsidy Income:</b>	\$81,780
<b>Miscellaneous Income:</b>	\$7,500
<b>Vacancy Rate: 5%</b>	(\$28,308)
<b>Total Effective Gross Income:</b>	\$537,852
<b>Less Total Expenses/Reserves:</b>	\$217,000
<b>Net Operation Income:</b>	\$320,852
<b>Debt Service:</b>	\$279,023
<b>Net Cash Flow</b>	\$41,829
<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), 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.

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