

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2009 Cash in Lieu of Credits – Section 1602 Funds

August 26, 2009

REVISED

Project Number CA-2009-587

Project Name Desert View Apartments

Address: 18414 Jonathan Street

Adelanto, CA 92301

County: San Bernardino

Applicant Information

Applicant: RC Investment Group, L.P.

Contact: Janae Smith

Address: 3940-7 Broad Street

San Luis Obispo, CA 93401

Phone: (530) 823-7834

Fax: (530) 823-7834

Email: mjmsmith0412@sbcglobal.net

General Partner Type: Joint Venture

The general partner(s) or principal owner(s) is RC – 2009, LLC and Quality Housing Development Corporation

Project Information

Construction Type: Acquisition and Rehabilitation

Federal Subsidy: Tax-Exempt/USDA

HCD MHP Funding: No

Total # of Units: 30

Total # Residential Buildings: 13

Information

Housing Type: At-Risk

Proposed Average Affordability: 38.9037

Davis-Bacon Required: No

NEPA Required: No

State Prevailing Wages Required: No

2009 TCAC Project Number: CA-2009-818

Federal/Annual

2009 Federal Tax Credits Reserved: \$104,331

2009 Federal Reserved Tax Credits Exchanged/Returned: \$104,331

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

Calculated Amount of Cash Requested: (\$104,331 X 10 X .794064) = \$828,455

Total Cash Award Recommended: \$828,455

ARRA Scoring Criteria	Max. Possible Points	Points Awarded
<i>DDA Bonus Points</i>	25	0
<i>Housing Type Points (Maximum of 50 points)</i>		
<input checked="" type="checkbox"/> At-Risk Project	30	30
<i>Total Project Cost/Cash Request Points (Maximum of 100 points)</i>		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: \$3,087,395		
Cash Award Request: \$828,455		
Total Points Awarded: $100 - (\$828,455 / \$3,087,395 \times 100) = 73.1665$	100	73.1665
<i>Total Average Affordability Points (Maximum of 100 points)</i>		
Projects Original Proposed Average Affordability: 38.90%		
$60\% - \text{Average Affordability} \times 5 \text{ Points} = (60\% - 38.90\%) \times 5 = 105.50$	100	100
Total Points	275	203.1665

Approved 2009 TCAC Proposed Rent and Income Levels

<u>Unit Type & Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
9 Two-Bedroom	50%	\$582
20 Two-Bedroom	60%	\$582
1 Two-Bedroom	Managers Unit	\$0

Project Financing

Estimated Total Project Cost: \$3,087,395 Per Unit Cost: \$102,913

Bonneville Multifamily – T.E. Bonds	\$1,475,000	Bonneville Multifamily – T.E. Bonds	\$940,000
USDA Rural Development	\$560,149	USDA Rural Development	\$560,149
Deferred Developer Fee	\$176,227	Deferred Developer Fee	\$214,154
Seller Carryback	\$500,000	RD Reserves	\$44,637
TCAC ARRA Funds	\$331,382	Seller Carryback	\$500,000
		TCAC ARRA Funds	\$828,455
		TOTAL	\$3,087,395

Income and Expense Statement for Year 1

Gross Residential Rents:	\$185,340
Rental Subsidy Income:	\$102,660
Miscellaneous Income:	\$2,632
Vacancy Rate: 5%	(\$20,160)
Total Effective Gross Income:	\$270,472
Less Total Expenses/Reserves:	\$169,838
Net Operation Income:	\$100,634
Debt Service:	\$87,299
Net Cash Flow	\$13,335
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.

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