

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2009 Cash in Lieu of Credits - Section 1602 Funds

July 8, 2009

REVISED – 11-24-09

Project Number CA-2009-505

Project Name The Sagebrush of Downtown

Site Address: 730 West Lancaster Blvd.

Lancaster, CA 93534 County: Los Angeles

Census Tract: 9008.06

Applicant Information

Applicant: Lean Mean Fighting Machine, L.P.

Sponsor: Carol Cromar

Address: 4220 West 2100 South Suite B
Salt Lake City, UT 84120

Phone: (801) 328-3644

Fax: (801) 973-6870

email: c.cromar@earthlink.net

General Partners(s) Type: Joint Venture

The general partner(s) or principal owner(s) are Housing Corporation of America, Inc. and In-Site Development LLC.

Information

Set-Aside: Small Development

Housing Type: Large Family

Geographic Area: Los Angeles

Proposed Average Affordability: 50.00%

Project Information

Construction Type: New Construction/Rehabilitation

Total # of Units: 21

Total # Residential Buildings: 1

Davis-Bacon or NEPA Required: No

State Prevailing Wages Required: Yes

Applicant Requested 15% Augmentation of the Original Development Budget to Help Assist in Complying with Prevailing Wage and Other Federal Requirements.

Augmentation Calculation

15% Prevailing Wage Adjustment: **\$1,065,000** Site Work + Structures x 15% = Total Prevailing Wage Adjustment
(\$1,000,000 + \$6,100,000) X 15% = \$1,065,000

2008 TCAC Project Number: CA-2008-019

Original 2008 Federal Tax Credits Allocated: \$645,470

2008 Federal Tax Credits Exchanged/Returned: \$645,470

Applicable Fraction: X .85

Amount of Financing Requested: \$5,486,495 ((\$645,470 X .85) X 10)

Amount of Prevailing Wage Augmentation Requested: \$1,065,000

Revised ARRA Cash Request: \$6,551,495 (\$5,486,495 + \$1,065,000)

Cash Award Recommended: \$6,551,495

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)
2 Four-bedroom units	30%	\$591
2 Four-bedroom units	40%	\$810
10 Four-bedroom units	50%	\$1,030
6 Four-bedroom units	60%	\$1,250
1 Four-bedroom unit	Manager unit	\$1,250

Project Financing

Estimated Total Project Cost: \$10,083,495 Cost Per Unit: \$480,166

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
East West Bank	\$3,300,000	PNC Bank	\$1,600,000
City of Lancaster RDA	\$1,932,000	City of Lancaster RDA	\$1,932,000
TCAC ARRA Funds	\$5,023,780	TCAC ARRA Funds	\$6,551,495
		TOTAL	\$10,083,495

Income and Expense Statement for Year 1

Gross Residential Rents:	\$262,224
Miscellaneous Income:	\$2,016
Less Vacancy Rate: 5%	\$(13,212)
Total Effective Gross Income:	\$251,028
Less Total Expenses/Reserves:	\$97,201
Net Operation Income:	\$153,827
Debt Service:	\$128,938
Debt Service Ratio:	1.19 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.