

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2009 Cash in Lieu of Credits - Section 1602 Funds**  
**July 8, 2009**  
**REVISED – 11-23-09**

**Project Number** CA-2009-513  
**Project Name** Valley Oaks Apartments Phase II  
**Site Address:** 351 N. West Street  
Tulare, CA 93274 County: Tulare Census Tract: 22.02

**Applicant Information**

**Applicant:** Tulare II Family Housing Partners, L.P.  
**Sponsor:** Kevin P. Payne  
**Address:** 31920 Del Obispo Street, Suite 260  
San Juan Capistrano, CA 92675  
**Phone:** (949) 542-8700 **Fax:** (949) 542- 8702  
**Email:** kpayne@paynedev.com

**General Partners(s) Type:** Joint Venture  
The general partner(s) or principal owner(s) are Las Palmas Foundation and Payne Development, LLC.

**Information**

**Housing Type:** Large Family  
**Geographic Area:** Central: Tulare  
**Proposed Average Affordability:** 49.90%

**Project Information**

**Construction Type:** New Construction  
**Total # of Units:** 72  
**Total # Residential Buildings:** 9

**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: **\$972,433** Site Work + Structures x 15% = Total Prevailing Wage Adjustment  
(\$1,150,692 + \$5,332,199) X 15% = \$972,433

**2008 TCAC Project Number:** CA-2008-077

**Original 2008 Federal Tax Credits Allocated:** \$959,963

**2008 Federal Tax Credits Exchanged/Returned:** \$959,963

**Applicable Fraction:** X .83

**Amount of Financing Requested:** \$8,159,686 ( (\$8,159,686 X .83) X 10)

**Amount of Prevailing Wage Augmentation Requested:** \$972,433

**Revised ARRA Cash Request:** \$9,132,119 (\$8,159,686 + \$972,433)

**Cash Award Recommended:** \$9,132,119

**Approved 2008 TCAC Proposed Rent and Income Levels**

<u>Unit Type &amp; Number</u>	<u>% of Area Median Income</u>	(including utilities)
2 Two-Bedroom Units	30%	\$363
2 Two-Bedroom Units	40%	\$484
13 Two-Bedroom Units	50%	\$605
10 Two-Bedroom Units	60%	\$726
4 Three-Bedroom Units	30%	\$419
4 Three-Bedroom Units	40%	\$559
18 Three-Bedroom Units	50%	\$699
9 Three-Bedroom Units	60%	\$839
1 Four-Bedroom Unit	30%	\$468
1 Four-Bedroom Unit	40%	\$624
4 Four-Bedroom Units	50%	\$780
2 Four-Bedroom Units	60%	\$936
1 Two-Bedroom Unit	Manager's Unit	\$675
1 Three-Bedroom Unit	Manager's Unit	\$778

**Project Financing**

Estimated Total Project Cost: \$13,018,595 Per Unit Cost: \$180,814

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
The Richman Group	\$8,599,000	Bank of America	\$2,268,000
Deferred Developer Fee	\$1,010,000	Deferred Developer Fee	\$560,469
TCAC ARRA Funds	\$1,992,000	City of Tulare RDA	\$1,250,000
		TCAC ARRA Funds	\$9,132,119
		<b>TOTAL</b>	<b>\$13,018,595</b>

**Income and Expense Statement for Year 1**

<b>Gross Residential Rents:</b>	\$542,832
<b>Miscellaneous Income:</b>	\$17,280
<b>Less Vacancy Rate: 5%</b>	\$(39,208)
<b>Total Effective Gross Income:</b>	\$520,904
<b>Less Total Expenses/Reserves:</b>	\$302,052
<b>Net Operation Income:</b>	\$218,853
<b>Debt Service:</b>	\$190,298
<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.