

**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-2009-516

**Project Name** Rancho Dorado II Family Apartments  
**Site Address:** Southeast corner of John F. Kennedy Drive and Perris Boulevard  
Moreno Valley, CA 92253 County: Riverside  
**Census Tract:** 426.05

**Applicant Information**

**Applicant:** MV Rancho Dorado II Limited Partnership  
**Sponsor:** Danavon Horn  
**Address:** P.O. Box 3958  
Palm Desert, CA 92261  
**Phone:** 760-568-1048 **Fax:** 760-568-9761  
**Email:** dhorn@pddc.net

General Partners(s) Type: Joint Venture

The general partner(s) or principal owner(s) are Housing Corporation of America and Palm Desert Development Company.

**Information**

**Housing Type:** Large Family  
**Geographic Area:** Inland Empire  
**Proposed Average Affordability:** 47.0%

**Project Information**

**Construction Type:** New Construction  
**Total # of Units:** 71  
**Total # Residential Buildings:** 4

**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: **\$1,631,967** Site Work + Structures x 15% = Total Prevailing Wage Adjustment  
(\$1,505,122 + \$9,374,655) X 15% = \$1,631,967

**2008 TCAC Project Number:** CA-2008-107

**Original 2008 Federal Tax Credits Allocated:** \$1,071,037

**2008 Federal Tax Credits Exchanged/Returned:** \$1,071,037

**Applicable Fraction:** X .85

**Amount of Financing Requested:** \$9,103,815 ( (\$9,103,815 X .85) X 10)

**Amount of Prevailing Wage Augmentation Requested:** \$1,631,967

**Revised ARRA Cash Request:** \$10,735,782 (\$9,103,815 + \$1,631,967)

**Cash Award Recommended:** \$10,735,782

### TCAC Proposed Rent and Income Levels

<u>Unit Type &amp; Number</u>	<u>2008 Rents for 2<sup>nd</sup> Round 2008</u>	<u>Proposed Rent</u> (including utilities)
	<u>% of Area Median Income</u>	
14 One-Bedroom Units	30%	\$257
1 Two-Bedroom Units	30%	\$257
3 Two-Bedroom Units	30%	\$449
13 Two-Bedroom Units	50%	\$748
9 Two-Bedroom Units	60%	\$893
3 Three-Bedroom Units	30%	\$519
15 Three-Bedroom Units	50%	\$865
12 Three-Bedroom Units	60%	\$1,038
1 Three-Bedroom Units	Manager's Unit	\$0

### Project Financing

Estimated Total Project Cost: \$21,559,084 Per Unit Cost: \$303,649

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Farmers & Merchants Bank	\$12,661,866	Farmers & Merchants Bank	\$1,946,900
City of Moreno Valley RDA	\$1,022,400	City of Moreno Valley RDA	\$4,750,000
Cal HFA MHSA	\$1,500,000	City of Moreno Valley RDA	\$1,022,400
Riverside County - HOME	\$562,520	Cal HFA MHSA	\$1,500,000
Deferred Developer Fee	\$1,449,460	Riverside County - HOME	\$650,000
TCAC ARRA Funds	\$2,730,871	Deferred Developer Fee	\$954,002
		TCAC ARRA Funds	\$10,735,782
		<b>TOTAL</b>	<b>\$21,559,084</b>

### Income and Expense Statement for Year 1

<b>Gross Residential Rents:</b>	\$550,248
<b>Miscellaneous Income:</b>	\$82,141
<b>Less Vacancy Rate: 7.2%</b>	\$(40,544)
<b>Total Effective Gross Income:</b>	\$591,845
<b>Less Total Expenses/Reserves:</b>	\$408,563
<b>Net Operation Income:</b>	\$183,282
<b>Debt Service:</b>	\$159,375
<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.