

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2009 Cash in Lieu of Credits – Section 1602 Funds

August 26, 2009

REVISED – 11-23-09

Project Number CA-2009-578

Project Name Hudson Park I and II Apartments

Address: 431 East Ash Street

Shafter, CA 93623

County: Kern

Applicant Information

Applicant: Kern 2008 Community Partners, LP

Contact Wilfred N. Cooper, Jr.

Address: 17782 Sky Park Circle

Irvine, CA 92614

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General Partner Type: Joint Venture

The general partner or principal owner is Kern Community Partners, LLC.

Project Information

Construction Type: Acquisition and Rehabilitation

Federal Subsidy: Tax-Exempt/RHS

HCD MHP Funding: No

Total # of Units: 82 (2 manager's units)

Total # Residential Buildings: 9

Information

Housing Type: At-Risk

Proposed Average Affordability: 42.3202

Davis-Bacon Required: No

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: **\$215,732**

Site Work + Structures x 15% = Total Prevailing Wage Adjustment
(\$0 + \$1,438,212) X 15% = \$215,732

2009 TCAC Project Number: CA-2009-812

Federal/Annual

2009 Federal Tax Credits Reserved: \$224,031

2009 Federal Reserved Tax Credits Exchanged/Returned: \$224,031

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

Amount of Financing Requested: \$1,792,248 ((\$224,031 X .85) X 10)

Amount of Prevailing Wage Augmentation Requested: \$215,732

Revised ARRA Cash Request: \$2,007,980 (\$1,792,248 + \$215,732)

Total Cash Award Recommended: \$2,007,980

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: \$7,561,514		
Cash Award Request: \$1,792,248		
Total Points Awarded: $100 - (\$1,792,248 / \$7,561,514 \times 100) = 76.2977$	100	76.2977
<i>Total Average Affordability Points (Maximum of 100 points)</i>		
Projects Original Proposed Average Affordability: 42.3202%		
60% - Average Affordability X 5 Points = $(60\% - 42.3202\%) \times 5 = 88.3990$	100	88.3990
Total Points	275	194.6967

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)
4 One-Bedroom	50%	\$504
10 One-Bedroom	60%	\$605
17 Two-Bedroom	50%	\$605
39 Two-Bedroom	60%	\$726
5 Three-Bedroom	50%	\$698
7 Three-Bedroom	60%	\$839
2 Two-Bedroom	Manager's Units	\$0

Project Financing

Estimated Total Project Cost: \$7,777,246

Per Unit Cost: \$94,844

Bonneville Multifamily – T.E. Bonds	\$3,690,000	Bonneville Multifamily – T.E. Bonds	\$2,365,000
USDA Rural Development	\$2,835,477	USDA Rural Development	\$2,835,477
Deferred Developer Fee	\$319,458	Deferred Developer Fee	\$407,773
TCAC ARRA Funds	\$716,579	RD Reserves	\$161,016
		TCAC ARRA Funds	\$2,007,980
		TOTAL	\$7,777,246

Income and Expense Statement for Year 1

Gross Residential Rents:	\$600,240
Rental Subsidy Income:	\$55,872
Miscellaneous Income:	\$9,400
Vacancy Rate: 5%	(\$52,489)
Total Effective Gross Income:	\$613,023
Less Total Expenses/Reserves:	\$368,934
Net Operation Income:	\$244,089
Debt Service:	\$211,398
Net Cash Flow	\$32,691
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.