

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2009 Cash in Lieu of Credits –TCAP Funds
December 16, 2009

Project Number CA-2009-595

Project Name Lindsay Apartments
Address: 470 E. Honolulu Street & 115 S. Locke Street
Lindsay, CA 93247 County: Tulare

Applicant Information

Applicant: Honolulu Street Partners LP
Contact: David Michael
Address: 2020 W. Kettleman Lane
Lodi, CA 95242
Phone: (209) 334-6565 x2222 Fax: (209) 334-3712 Email: dmichael@pamcompanies.com

General Partner Type: Joint Venture

The general partners or principal owners are Locke Street, LLC and Community Revitalization and Development Corporation.

Project Information

Housing Type: At-Risk
Construction Type: Acquisition and Rehabilitation
Rental/Operating Subsidy: 98.3% (58 Units - USDA-RD Contract)
HCD Funding: No
Total # of Units: 59
Total # Residential Buildings: 5
Federal Set-Aside Elected: 40%/60%
% & No. of Tax Credit Units: 100% - 58 units

Davis-Bacon Required: Yes

NEPA Required: Yes

State Prevailing Wages Required: No

2009 TCAC Project Number: CA-2009-038

2009 Annual Federal Tax Credits Reserved: \$789,102

2009 Federal Reserved Tax Credits Exchanged/Returned: \$789,002

2009 Federal Tax Credits Retained: \$100

Original Net Equity Factor: (maximum \$0.80 for 2009) \$0.70 Fed

Calculated/Requested Amount of ARRA Funds: $(\$789,002 \times 10 \times 0.70) = \$5,523,016$

Total Cash Award Recommended: **\$5,523,016** (\$5,523,016 ARRA Funds)

Income/Rent Targeting

55-Year Use/Affordability Restriction: Yes
 Number of Units @ or below 30% of area median income: 6
 Number of Units @ or below 45% of area median income: 12
 Number of Units @ or below 50% of area median income: 30
 Number of Units @ or below 60% of area median income: 11

<u>Unit Type & Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
2 One-bedroom Units	29%	\$302
6 One-bedroom Units	44%	\$453
15 One-bedroom Units	49%	\$504
5 One-bedroom Units	58%	\$604
2 Two-bedroom Units	29%	\$363
6 Two-bedroom Units	44%	\$544
15 Two-bedroom Units	49%	\$605
5 Two-bedroom Units	58%	\$726
2 Three-bedroom Units	29%	\$419
1 Three-bedroom Unit	58%	\$838
1 Three-bedroom Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$8,780,890

Per Unit Cost: \$146,348

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Chase JP Morgan	\$2,882,416	Bonneville Mortgage	\$1,121,000
Bonneville Mortgage	\$1,008,900	USDA Transfer & Assumption	\$936,174
USDA Transfer & Assumption	\$936,174	USDA 55 MPR	\$1,200,000
ISDA 515 MPR	\$1,200,000	Investor Equity - \$100 annual Federal credit	\$700
Deferred Developer Fee	\$543,914	TCAC ARRA Award	\$5,523,016
TCAC ARRA Award	\$2,209,206	TOTAL	\$8,780,890

Income and Expense Statement for Year 1:

Gross Residential Rents:	\$355,212
Total Rental Subsidy Income:	\$104,500
Miscellaneous Income:	\$42,374
Total Vacancy Rate Loss:	(\$22,986)
Total Effective Gross Income:	\$479,100
Less Total Expenses/Reserves:	\$339,323

Net Operation Income:	\$139,777
Debt Service:	\$120,838
Net Cash Flow	\$18,939
Debt Service Ratio:	1.157 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) , Tax Credit Assistance Program (TCAP) funds for the project sponsor. This Conditional Reservation would not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of environmental review and receipt by the California Tax Credit Allocation Committee of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part §58. The provision of any funds to the project is conditioned on TCAC's determination to proceed with, modify or cancel the project based on the results of a subsequent environmental review and further underwriting.

The project sponsor is prohibited from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair or construction prior to the environmental clearance. A violation of this provision may result in the denial of any funds.

In addition, each project ultimately awarded ARRA TCAP funds will have to comply with all federal requirements, such as Section 504, Davis-Bacon federal labor standards laws, anti-lobbying requirements, lead-based paint rules, and other federal laws.

All ARRA funded projects will be required to track and report on all jobs created or retained as a result of the funds.