

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2009 Cash in Lieu of Credits – Section 1602 Funds
December 16, 2009

Project Number CA-2009-596

Project Name Bixel House Apartments
Site Address: 625 South Bixel Street
Los Angeles, CA 90017 County: Los Angeles Census Tract: 2092.00

Applicant Information

Applicant: Bixel House Apartments Limited Partnership
Contact: Thomas D. Warren
Address: 1055 Wilshire Boulevard, Suite 1550
Los Angeles, CA 90017
Phone: (213) 221-1220 ext. 221 **Fax:** (213) 221-1177
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General Partner Type: Joint Venture

The general partners or principal owners are Bixel House Administrative Partner LLC and Hearthstone Housing Foundation.

Project Information

Housing Type: At-Risk
Construction Type: Acquisition and Rehabilitation
Rental/Operating Subsidy: 98.68% (75 Units - HUD Section 8 contract)
HCD Funding: No
Total # of Units: 77
Total # Residential Buildings: 1
Federal Set-Aside Elected: 40%/60%
% & No. of Tax Credit Units: 100% - 76 units

Davis-Bacon Required: No

NEPA Required: No

State Prevailing Wages Required: Yes

15% Prevailing Wage Adjustment: No

2009 TCAC Project Number: CA-2009-039

2009 Annual Federal Tax Credits Reserved: \$897,971

2009 Federal Reserved Tax Credits Exchanged/Returned: \$897,971

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

Calculated/Requested Amount of ARRA Funds: $(\$897,971 \times 10 \times 0.70) = \$6,285,797$

Calculated/Awarded ARRA Gap Funds: $(\$897,971 \times 10 \times 0.10) = \$897,971$

Total Cash Award Recommended: \$7,183,768 $(\$6,285,797 \text{ ARRA Funds} + \$897,971 \text{ ARRA Gap Funds})$

Income/Rent Targeting

55-Year Use/Affordability Restriction: Yes
 Number of Units @ or below 30% of area median income: 5
 Number of Units @ or below 35% of area median income: 27
 Number of Units @ or below 45% of area median income: 41

<u>Unit Type & Number</u>	<u>2009 Rents Targeted % of Area Median Income</u>	<u>2009 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
8 SRO	30%	30%	\$416
27 SRO	35%	35%	\$485
41 SRO	45%	42%	\$576
1 SRO		Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$11,070,353 Per Unit Cost: \$143,771

<u>Construction Financing</u>		<u>Permanent Financing</u>	
JP Morgan Chase	\$2,478,753	Permanent Lender	\$1,200,000
Seller Carryback Loan	\$2,173,979	Seller Carryback Loan	\$2,173,979
Deferred Developer Fee	\$1,030,395	Deferred Developer Fee	\$512,606
TCAC ARRA Award (40%)	\$2,873,507	TCAC ARRA Funds	\$7,183,768
		TOTAL	\$11,070,353

Income and Expense Statement for Year 1

Gross Residential Rents:	\$480,468
Total Rental Subsidy Income:	\$69,144
Miscellaneous Income:	\$3,500
Total Vacancy Rate Loss:	(\$55,311)
Total Effective Gross Income:	\$497,801
Less Total Expenses/Reserves:	\$376,500
Net Operation Income:	\$121,301
Debt Service:	\$100,687
Net Cash Flow	\$20,614
Debt Service Ratio:	1.20 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.