

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2009 Cash in Lieu of Credits – Section 1602 Funds

December 16, 2009

Project Number CA-2009-598

Project Name Boles Creek Apartments

Site Address: 315 East Lake Street

Weed, CA 96094

County: Siskiyou

Census Tract: 0009.00

Applicant Information

Applicant: Highland Property Development LLC

Contact: William Rice

Address: 250 W. Colorado Blvd, Suite 210

Arcadia, CA 91007

Phone: 626-294-9230

Fax: 626-294-9270

Email: b.rice@highlandcompanies.com

General Partner Type: Joint Venture

The general partner(s) or principal owner(s) are HPD Boles Creek LLC, and Hearthstone Housing Foundation.

Project Information

Construction Type: Acquisition and Rehabilitation

Housing Type: At-Risk

Federal Subsidy: 100% (49 Units - RHS)

HCD MHP Funding: No

Total # of Units: 50

Total # of Residential Units: 49

Total # Residential Buildings: 10

Proposed Average Affordability: 40% or less

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: **\$173,185** Site Work + Structures x 15% = Total Prevailing Wage Adjustment
(\$30,500 + \$1,124,066) X 15% = \$173,185

2009 TCAC Project Number: CA-2009-044

2009 Annual Federal Tax Credits Reserved: \$323,717

2009 Federal Reserved Tax Credits Exchanged/Returned: \$323,717

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

Calculated/Requested Amount of Investor Equity: (\$323,717 X 10 X 0.80) = \$2,589,736

Amount of Prevailing Wage Augmentation Requested: \$173,185

Total ARRA Cash Requested: \$2,762,921 (\$2,589,736 + \$173,185)

Total Cash Award Recommended: \$2,762,662 (\$2,589,477 (Equity) + \$173,185 (P.W. Boost))

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 40% of area median income: 5
- Number of Units @ or below 50% of area median income: 25
- Number of Units @ or below 55% of area median income: 8
- Number of Units @ or below 60% of area median income: 6

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)
1 One-bedroom Unit	30%	\$313
1 One-bedroom Unit	40%	\$418
8 One-bedroom Units	50%	\$523
6 One-bedroom Units	60%	\$606
4 Two-bedroom Units	30%	\$376
4 Two-bedroom Units	40%	\$502
17 Two-bedroom Units	50%	\$627
8 Two-bedroom Units	60%	\$688

Project Financing

Estimated Total Project Cost: \$5,290,346 Per Unit Cost: \$105,807

<u>Construction Financing</u>		<u>Permanent Financing</u>	
JP Morgan Chase Bank	\$2,200,000	Bonneville Mortgage	\$1,350,000
USDA – Rural Development	\$1,132,300	USDA Rural Development	\$1,132,300
ARRA Exchange Amount	\$1,463,010	Deferred Developer Fee	\$45,384
		TCAC ARRA Award	\$2,762,662
		TOTAL	\$5,290,346

Income and Expense Statement for Year 1

Gross Residential Rents:	\$285,504
Total Rental Subsidy Income:	\$119,832
Miscellaneous Income:	\$3,750
Total Vacancy Rate Loss: 5%	(\$20,454)
Total Effective Gross Income:	\$388,632
Less Total Expenses/Reserves:	\$246,250
Net Operation Income:	\$142,382

Debt Service:	\$123,631
Net Cash Flow	\$18,751
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.