

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

Project Number CA-2009-606

Project Name 15th and Commercial
Site Address: 1501 Imperial Avenue
San Diego, CA 92101 County: San Diego Census Tract: 0051.00

Applicant Information

Applicant: S.V.D.P. Management, Inc. and Chelsea Investment Corporation
Contact: Jordan Penn
Address: 5993 Avenida Encinas, Suite 101
Carlsbad, CA 92008
Phone: (760) 456-6000 **Fax:** (760) 456-6001
Email: jpenn@chelseainvestco.com

General Partner Type: Joint Venture

The general partners or principal owners are S.V.D.P. Management, Inc. & Chelsea Investment Corporation.

Project Information

Housing Type: SRO
Construction Type: New Construction
Rental/Operating Subsidy: 72% (100 Units – 75 units S.V.D.P. & 25 Units MHSA)
HCD Funding: Yes
Total # of Units: 140
Total # Residential Buildings: 1
Federal Set-Aside Elected: 20%/50%
% & No. of Tax Credit Units: 100% - 139 units

Davis-Bacon Required: No

NEPA Required: No

State Prevailing Wages Required: Yes

15% Prevailing Wage Adjustment: N/A

2009 TCAC Project Number: CA-2009-092

2009 Annual Federal Tax Credits Reserved: \$2,500,000

2009 Federal Reserved Tax Credits Exchanged/Returned: \$2,500,000

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

Calculated/Requested Amount of ARRA Funds: $(\$2,500,000 \times 10 \times 0.80) = \$20,000,000$

Calculated/Awarded ARRA Gap Funds: \$0

Total Cash Award Recommended: **\$20,000,000** (\$20,000,000 ARRA Funds + \$0 ARRA Gap Funds)

Income/Rent Targeting

55-Year Use/Affordability Restriction: Yes
 Number of Units @ or below 30% of area median income: 110
 Number of Units @ or below 35% of area median income: 14
 Number of Units @ or below 40% of area median income: 15

Unit Type & Number	2009 Rents Targeted % of Area Median Income	2009 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
25 SRO/Studio	30%	18%	\$257
10 SRO/Studio	30%	30%	\$433
75 SRO/Studio	30%	1%	\$4
14 SRO/Studio	35%	35%	\$505
15 SRO/Studio	40%	40%	\$578
1 One-bedroom Unit	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$58,726,607 Estimated Total Commercial/Retail Cost: \$19,131,094
 Estimated Total Residential Cost: \$39,595,513 Per Unit Residential Cost: \$282,825

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
First 5 Commission of SD County	\$6,968,025	First 5 Commission of SD County	\$6,968,025
US Bank	\$17,109,622	HCD - TOD	\$6,637,597
CDBG	\$291,279	CDBG	\$291,279
MHSA	\$2,356,652	MHSA	\$2,356,652
EHAP – CD Loan	\$1,000,000	EHAP – CD Loan	\$1,000,000
CCDC – RDA	\$6,930,598	CCDC – RDA	\$7,300,000
San Diego Housing Commission	\$3,148,467	San Diego Housing Commission	\$3,500,000
Infill Infrastructure/CalReuse	\$3,671,527	Infill Infrastructure/CalReuse	\$3,671,527
SVDP Land Donation	\$5,500,000	SVDP Land Donation	\$5,500,000
GP Equity	\$1,500,000	GP Equity/AHP	\$1,500,000
Deferred Developer Fee	\$2,259,436	Deferred Developer Fee	\$1,527
TCAC ARRA Award (40%)	\$8,000,000	TCAC ARRA Award	\$20,000,000
		TOTAL	\$58,726,607

Income and Expense Statement for Year 1

Gross Residential Rents: \$314,868
Total Rental Subsidy Income: \$531,329
Miscellaneous Income: \$10,080
Total Vacancy Rate Loss: (\$85,628)
Total Effective Gross Income: \$770,649

Less Total Expenses/Reserves:	\$682,360
Net Operation Income:	\$88,289
Debt Service:	\$37,776
Net Cash Flow	\$50,513 (less than 8% of gross residential income)
Debt Service Ratio:	2.34 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.