

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

Project Number CA-2009-609

Project Name Kerman Acre Apartments
Address: 14570 W California Avenue
Kerman, CA 93630 County: Fresno

Applicant Information

Applicant: Kerman Acre, LP
Contact: Welton Jordan
Address: 1331 Fulton Mall
Fresno, CA 93721
Phone: (559) 443-8486 **Fax:** (559) 445-8985 **Email:** wjordan@hafresno.org

General Partner Type: Nonprofit

The general partners or principal owners are Silvercrest, Inc. and Housing Authority of the County of Fresno.

Project Information

Housing Type: Large Family
Construction Type: New Construction
Rental/Operating Subsidy: 33.3% (5 Units – ACC Subsidy Contract)
HCD Funding: No
Total # of Units: 16
Total # Residential Buildings: 1
Federal Set-Aside Elected: 40%/60%
% & No. of Tax Credit Units: 100% - 15 units

Davis-Bacon Required: Yes

NEPA Required: Yes

State Prevailing Wages Required: No

2009 TCAC Project Number: CA-2009-184

2009 Annual Federal Tax Credits Reserved: \$275,371

2009 Federal Reserved Tax Credits Exchanged/Returned: \$275,271

2009 Federal Tax Credits Retained: \$100

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

Calculated/Requested Amount of ARRA Funds: $(\$275,271 \times 10 \times 0.70) = \$1,926,897$

Calculated/Awarded ARRA Gap Funds: $(\$275,271 \times 10 \times 0.10) = \$275,271$

Total Cash Award Recommended: **\$2,202,168** (\$1,926,897 ARRA Funds + \$275,271 ARRA Gap Funds)

Income/Rent Targeting

55-Year Use/Affordability Restriction: Yes
 Number of Units @ or below 20% of area median income: 2
 Number of Units @ or below 25% of area median income: 3
 Number of Units @ or below 40% of area median income: 3
 Number of Units @ or below 50% of area median income: 7

Unit Type & Number	2009 Rents Targeted % of Area Median Income	2009 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
3 Three-bedroom Units	30%	22%	\$318
2 Four-bedroom Units	30%	20%	\$324
3 Three-bedroom Units	40%	40%	\$580
7 Three-bedroom Units	50%	50%	\$725
1 Three-bedroom Unit	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$4,450,206

Per Unit Cost: \$278,138

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Fresno Housing Authority	\$1,263,454	Fresno County - HOME	\$900,000
County of Fresno HOME	\$900,000	Better Opportunities Builder	\$147,238
Better Opportunities Builder - RHED	\$147,238	Fresno Housing Authority - CFRG	\$1,200,000
Fresno Housing Authority - CFRG	\$1,200,000	Investor Equity-\$100 annual Federal credit	\$800
TCAC ARRA Award	\$880,867	TCAC ARRA Award	\$2,202,168
		TOTAL	\$4,450,206

Income and Expense Statement for Year 1

Gross Residential Rents:	\$89,880
Total Rental Subsidy Income:	\$10,260
Miscellaneous Income:	\$4,160
Total Vacancy Rate Loss:	(\$4,702)
Total Effective Gross Income:	\$99,598
Less Total Expenses/Reserves:	\$85,699
Net Operation Income:	\$13,899
Debt Service:	\$0*

Net Cash Flow \$13,899

Debt Service Ratio: N/A*

* No annual debt service (hard debt)

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.