

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2009 Gap Financing – Section 1602 Funds

January 27, 2010

REVISED

Project Number CA-2010-509

Project Name Fanita 48 Family Apartments

Address: 8616-8630 Fanita Drive
Santee, CA 92071

County: San Diego

Applicant Information

Applicant: Fanita 48, L.P.

Contact Charles Schmid

Address: 5993 Avenida Encinas, #101
Carlsbad, CA 92008

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General Partner Type: Joint Venture

The general partner(s) or principal owner(s) are Pacific Southwest Community Development Corporation and Fanita 48 CIC, LLC.

Project Information

Construction Type: New Construction

Federal Subsidy: Tax-Exempt

HCD MHP Funding: No

Total # of Units: 48

Total # Residential Buildings: 3

Federal Setaside Elected: 40%/60%

% & No. of Targeted Units: 100% - 47 units

Information

Housing Type: Large Family Proposed Average Affordability: 54.8157%

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: \$780,799 Site Work + Structures x 15% = Total Prevailing Wage Adjustment
(\$1,007,206 + \$4,197,988) X 15% = \$780,799

2009 TCAC Project Number: CA-2009-850

Original 2009 Federal Tax Credits Reserved: \$505,372

Total 2009 Federal Reserved Tax Credits Retained: \$505,372

Current Net Equity Factor: .7525

Amount of Net Equity Gap Factor Requested: $((\$505,372 \times 10) / \$489,306) = 10.3283$ Cents

Combined Net Equity Factor Needed: $(.7525 + .103283) = .855783$

Calculation of the Amount of Gap Financing Requested: $((\$505,372 \times 10) / 10.3283) = \$489,306$

Amount of Prevailing Wage Augmentation Requested: **\$780,799**

Total ARRA Cash Request: \$1,270,105 $(\$489,306 + \$780,799)$

Total Gap Cash Award Recommended: **\$1,270,105**

ARRA Scoring Criteria	Max. Possible Points	Points Awarded
<i>Housing Type Points (Maximum of 50 points)</i>		
<input checked="" type="checkbox"/> Large Family Project .	10	10.0000
<i>Total Project Cost/Cash Request Points (Maximum of 100 points)</i>		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: \$14,236,418		
Cash Award Request: \$489,306		
Total Points Awarded: $100 - (\$489,306 / \$14,236,418 \times 100) = 91.0785$	100	96.5630
<i>Total Average Affordability Points (Maximum of 100 points)</i>		
Projects Original Proposed Average Affordability: 54.8157%		
$60\% - \text{Average Affordability} \times 5 \text{ Points} = (60\% - 54.8157\%) \times 5 = 100$	100	25.9215
<i>Total 15-Year Project-Based Rental Assistance Points (Maximum of 25 points)</i>		
N/A.	25	0.0000
Total Points	275	132.4845

Income/Rent Targeting

55-Year Use/Affordability Restriction: Yes
 Number of Units @ or below 60% of area median income: 24
 Number of Units @ or below 55% of area median income: 13
 Number of Units @ or below 50% of area median income: 5
 Number of Units @ or below 45% of area median income: 5

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)
5 One-bedroom Units	60%	\$929
1 One-bedroom Unit	50%	\$749
8 Two-bedroom Units	60%	\$1,114
6 Two-bedroom Units	60%	\$1,011
4 Two-bedroom Units	50%	\$843
11 Three-bedroom Units	60%	\$1,288
7 Three-bedroom Units	60%	\$1,124

5	Three-bedroom Units	50%	\$936
1	Three-bedroom Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$15,017,217 Per Unit Cost: \$296,592

Construction Financing		Permanent Financing	
US Bank	\$7,250,000	US Bank	\$3,985,000
City of Santee RDA	\$5,276,000	City of Santee	\$5,276,000
MCAP IV Special Partners, LLC	\$1,710,418	Zephyr Management – Bonds	\$600,000
TCAC ARRA Gap Funds	\$1,270,105	GP Equity	\$343,526
		TCAC ARRA Gap Funds	\$1,270,105
		Investor Equity	\$3,542,586
		TOTAL	\$15,017,217

Income and Expense Statement for Year 1

Gross Residential Rents:	\$545,066	Net Vacancies included
Rental Subsidy Income:	\$0	
Miscellaneous Income:	\$0	
Vacancy Rate: 5%	\$	
Total Effective Gross Income:	\$545,066	
Less Total Expenses/Reserves:	\$211,218	
Net Operation Income:	\$333,848	
Debt Service:	\$277,547	
Net Cash Flow	\$56,301	
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.