

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2009 Gap Financing – Section 1602 Funds**

**January 27, 2010**

**Project Number** CA-2010-513

**Project Name** Loma Linda Commons  
**Address:** 10799 Poplar Street  
Loma Linda, CA 92354

**County:** San Bernardino

**Applicant Information**

**Applicant:** 10799 Poplar St., L.P., a California L.P.  
**Contact** Gwendy Silver Egnater  
**Address:** 15303 Ventura Blvd., Suite 1100  
Sherman Oaks, CA 91403

**Phone:** (818) 905-2430

**Fax:** (818) 905-2440

**Email:** gwendy@corpoffices.org

**General Partner Type:** Nonprofit

The general partner or principal owner is Corporation for Better Housing.

**Project Information**

**Construction Type:** New Construction  
**Federal Subsidy:** Tax-Exempt/HOME  
**HCD MHP Funding:** No  
**Total # of Units:** 120  
**Total # Residential Buildings:** 5  
**Federal Setaside Elected:** 40%/60%  
**% & No. of Targeted Units:** 100% - 118 units

**Information**

**Housing Type:** Large Family      **Proposed Average Affordability:** 52.8069%

**Davis-Bacon Required:** No

**NEPA Required:** Yes

**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:**      **\$2,091,266**      Site Work + Structures x 15% = Total Prevailing Wage Adjustment  
(\$350,000 + \$13,591,774) X 15% = \$2,091,266

**2009 TCAC Project Number:** CA-2009-834

**Original 2009 Federal Tax Credits Reserved:** \$1,025,193

**2009 Federal Tax Credits Retained:** \$1,025,193

**Amount of Gap Financing Requested:** **\$1,230,232**

**Current Net Equity Factor:** .727500

**Amount of Net Equity Gap Factor Requested:**  $((\$1,025,193 \times 10) / \$1,230,232) = 8.3333$  Cents

**Combined Net Equity Factor Needed:**  $(.727500 + .083333) = .810833$

**Calculation of the Amount of Gap Financing Requested:**  $((\$1,025,193 \times 10) / 8.3333) = \$1,230,232$

**Amount of Prevailing Wage Augmentation Requested:** **\$2,091,266**

**Total ARRA Cash Request:**  $\$3,321,498$   $(\$1,230,232 + \$2,091,266)$

**Total Gap Cash Award Recommended:** **\$3,321,498**

<b>ARRA Scoring Criteria</b>	<b>Max. Possible Points</b>	<b>Points Awarded</b>
<b><i>Housing Type Points (Maximum of 50 points)</i></b>		
<input checked="" type="checkbox"/> Family Project	<b>10</b>	<b>10.0000</b>
<b><i>Total Project Cost/Cash Request Points (Maximum of 100 points)</i></b>		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: <b>\$23,503,820</b>		
Cash Award Request: <b>\$1,230,232</b>		
Total Points Awarded: $100 - ((\$1,230,232 / \$23,503,820) \times 100) = 94.7658$	<b>100</b>	<b>94.7658</b>
<b><i>Total Average Affordability Points (Maximum of 100 points)</i></b>		
Projects Original Proposed Average Affordability: 52.8069%		
60% - Average Affordability X 5 Points = $(60\% - 52.8069\%) \times 5 = 100$	<b>100</b>	<b>35.9655</b>
<b><i>Total 15-Year Project-Based Rental Assistance Points (Maximum of 25 points)</i></b>		
N/A	<b>25</b>	<b>0.0000</b>
<b>Total Points</b>	<b>275</b>	<b>140.7313</b>

**Income/Rent Targeting**

55-Year Use/Affordability Restriction: Yes

Number of Units @ or below 60% of area median income: 46

Number of Units @ or below 50% of area median income: 72

**Approved 2009 TCAC Proposed Rent and Income Levels**

<b><u>Unit Type &amp; Number</u></b>	<b><u>% of Area Median Income</u></b>	<b><u>Proposed Rent</u></b> (including utilities)
36 Two-bedroom Units	50%	\$748
24 Two-bedroom Units	60%	\$897
36 Three-bedroom Units	50%	\$832
22 Three-bedroom Units	60%	\$999
2 Three-bedroom Units	Manager's Unit	\$958

### Project Financing

Estimated Total Project Cost: \$25,595,086

Per Unit Cost: \$213,292

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Citibank	\$15,000,000	Citibank	\$6,843,000
City of Loma Linda, RDA	\$3,648,840	San Bernadino County, HOME	\$2,000,000
AHP	\$1,000,000	City of Loma Linda, RDA	\$3,648,840
Investor Equity	\$1,328,853	AHP	\$1,380,000
TCAC ARRA Funds	\$3,321,498	Deferred Developer Fee	\$969,594
		TCAC ARRA Funds	\$3,321,498
		Investor Equity	\$7,432,154
		<b>TOTAL</b>	<b>\$25,595,086</b>

### Income and Expense Statement for Year 1

<b>Gross Residential Rents:</b>	\$1,174,524
<b>Rental Subsidy Income:</b>	\$0
<b>Miscellaneous Income:</b>	\$14,400
<b>Vacancy Rate: 5%</b>	(\$59,446)

**Total Effective Gross Income:** \$1,129,478

**Less Total Expenses/Reserves/Taxes:** \$509,495

**Net Operation Income:** \$619,982

**Debt Service:** \$539,065

**Net Cash Flow** \$80,918

**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.