

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2009 Cash in Lieu of Credits – Section 1602 Funds
January 27, 2010

Project Number CA-2010-519

Project Name Baldwin & Squaw Valley Apartments
Address: 9555 East Barnard Street & 12730 Birch Street
Blythe, CA 92225 County: Riverside

Applicant Information

Applicant: Highland Property Development, LLC, as sponsors for HPD Baldwin-Squaw LP
Contact William E. Rice
Address: 250 West Colorado Street, Suite 210
Arcadia, CA 91007
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General Partners Type: Joint Venture
The general partners or principal owners are HPD Baldwin-Squaw LLC and National Housing Corp.

Project Information

Housing Type: Non-targeted
Construction Type: Acquisition and Rehabilitation
Rental/Operating Subsidy: 100% (71 units - USDA RD)
HCD MHP Funding: No
Total # of Units: 73
Total # Residential Buildings: 18
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 71 units
Proposed Average Affordability: 45.0772%

Davis-Bacon Required: No
NEPA Required: No
State Prevailing Wages Required: Yes (based on ARRA 1602 funds)
15% Prevailing Wage Adjustment: \$446,205 ((\$246,000 Site Work + \$2,728,701 Structures) X 15%)
2009 TCAC Project Number: CA-2009-847
2009 Annual Federal Tax Credits Reserved: \$327,005
2009 Federal Reserved Tax Credits Exchanged/Returned: \$327,005
Original Net Equity Factor: (maximum \$0.80 for 2009) \$0.80 Fed
Calculated/Requested Amount of ARRA Funds: (\$327,005 X 10 X \$0.80) = \$2,616,040

Total Cash Award Recommended: \$3,062,245 (\$2,616,040 ARRA Funds + \$446,205 Prev. Wage Adjustment)

ARRA Scoring Criteria	Max. Possible Points	Points Awarded
Housing Type Points (Maximum of 50 points)		
<input checked="" type="checkbox"/> Non-targeted Project	0	0
Total Project Cost/Cash Request Points (Maximum of 100 points)		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: \$8,849,667		
Cash Award Request: \$2,616,040		
Total Points Awarded: $100 - (\$2,616,040 / \$8,849,667 \times 100) = 70.4391$	100	70.4391
Total Average Affordability Points (Maximum of 100 points)		
Projects Original Proposed Average Affordability: 45.0072%		
60% - Average Affordability X 5 Points = $(60\% - 45.0072\%) \times 5 = 100$	100	74.6140
Total 15-Year Project-Based Rental Assistance Points (Maximum of 25 points)		
<input checked="" type="checkbox"/> Project with 100% 15-Year Project-Based Rental Assistance = 25 points	25	25
Total Points	275	170.0531

Income/Rent Targeting

55-Year Use/Affordability Restriction: Yes

Number of Units @ or below 50% of area median income: 71

Unit Type & Number	2009 Rents Targeted % of Area Median Income	2009 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
3 One-bedroom Units	50%	47%	\$578
36 One-bedroom Units	50%	47%	\$578
1 One-bedroom Unit	50%	47%	\$584
5 One-bedroom Units	50%	47%	\$584
3 Two-bedroom Units	50%	43%	\$645
18 Two-bedroom Units	50%	43%	\$645
1 Three-bedroom Unit	50%	44%	\$757
4 Three-bedroom Units	50%	44%	\$757
1 Two-bedroom Unit	Manager's Unit	Manager's Unit	\$0
1 Three-bedroom Unit	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$9,295,872 Per Unit Cost: \$127,341

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
JP Morgan Chase Bank	\$4,300,000	Bonneville Mortgage – RD Insured	\$1,950,000
USDA – Rural Development	\$3,440,000	USDA – Rural Development	\$3,440,000
City of Blythe	\$365,000	City of Blythe	\$365,000
TCAC ARRA Award	\$364,967	Deferred Developer Fee	\$478,627
		TCAC ARRA Award (1602 Funds)	\$3,062,245
		TOTAL	\$9,295,872

Income and Expense Statement for Year 1

Gross Residential Rents:	\$469,812
Total Rental Subsidy Income:	\$166,416
Miscellaneous Income:	\$10,950
Total Vacancy Rate Loss:	(\$32,359)
Total Effective Gross Income:	\$614,819
Less Total Expenses/Reserves:	\$343,100
Net Operation Income:	\$271,719
Debt Service:	\$226,122 *
Net Cash Flow	\$45,597
Debt Service Ratio:	1.20 to 1

* Includes conventional debt service & USDA debt service.

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.

Numbers contained in the proposed financing are subject to update and will be refined within 30 days of loan execution agreement.