

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2009 Cash in Lieu of Credits - TCAP Funds**  
**July 8, 2009**

**Project Number** CA-2009-519

**Project Name** Rancho Hermosa  
**Site Address:** 199 East Inger Drive  
Santa Maria, CA 93454 **County:** Santa Barbara  
**Census Tract:** 21

**Applicant Information**

**Applicant:** McClelland Santa Maria, L.P.  
**Sponsor:** Carlo Sarmiento  
**Address:** 1933 Cliff Drive, Street 26  
Santa Barbara, CA 93109  
**Phone:** (805) 963-0571 **Fax:** (805) 966-2641  
**General Partners(s)Type:** Nonprofit

**Information**

**Housing Type:** Special Needs  
**Type of SpN:** Formerly Homeless/At-Risk Of Homelessness/Substance Abuse/Mentally Disabled  
**45 Special Need Units:** 100%  
**Proposed Average Affordability:** 28.98%

The general partner or principal owner is Santa Barbara Housing Assistance Corporation.

**Project Information**

**Construction Type:** New Construction  
**Total # of Units:** 47  
**Total # Residential Buildings:** 8

**Davis-Bacon or NEPA Required:** No  
**State Prevailing Wages Required:** Yes  
**2008 TCAC Project Number:** CA-2008-124  
**Original 2008 Federal Tax Credits Allocated:** \$1,581,356  
**2008 Federal Tax Credits Retained:** \$100  
**2008 Federal Tax Credits Exchanged/Returned:** \$1,581,256  
**Applicable Fraction:** X .83  
**Cash Award Recommended:** \$13,124,425

**Approved 2008 TCAC Proposed Rent and Income Levels**

<u>Unit Type &amp; Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
11 Three-Bedroom Units	20%	\$404
11 Three-Bedroom Units	25%	\$505
11 Three-Bedroom Units	30%	\$606
12 Three-Bedroom Units	40%	\$809
2 Three-Bedroom Units	Manager Units	\$606

**Project Financing**

Estimated Total Project Cost: \$26,000,000 Estimated Total Residential Cost: \$24,872,000  
 Estimated Total Commercial Cost: \$1,128,000 Per Unit Cost: \$529,191

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
AIG Retirement Services, Inc.	\$19,900,000	Cal HFA	\$305,000
Deferred Developer Fee	\$1,225,000	MHSA	\$1,200,000
TCAC ARRA Funds	\$4,780,138	City of Santa Maria	\$352,000
		AHP	\$1,000,000
		Deferred Developer Fee	\$1,089,725
		Investor Equity	\$850
		Commercial Loan	\$1,128,000
		TCAC ARRA Funds	\$13,124,425
		HCD Bridge Loan	\$7,800,000
		<b>TOTAL</b>	<b>\$26,000,000</b>

**Income and Expense Statement for Year 1**

<b>Gross Residential Rents:</b>	\$291,060
<b>Miscellaneous Income:</b>	\$37,548
<b>Less Vacancy Rate: 10%</b>	\$(32,015)
<b>Total Effective Gross Income:</b>	\$296,593
<b>Less Total Expenses/Reserves:</b>	\$223,256
<b>Net Operation Income:</b>	\$73,337
<b>Debt Service:</b>	\$55,663
<b>Debt Service Ratio:</b>	1.32 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), 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.