

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2009 – Section 1602 Funds

August 5, 2009

Gap Financing

Project Number CA-2009-542

Project Name Vassar City Lights

Site Address: 3685 San Fernando Road

Glendale, CA 91204

County: Los Angeles

Census Tracts: 3024.00

Applicant Information

Applicant: Vassar City Lights, a California Limited Partnership

Contact: Salim Karimi

Address: 5939 Monterey Road
Los Angeles, CA 90042

Phone: (323) 254-3338

Fax: (323) 254-3449

Email: salim@gotoadi.com

General Partner Type: Joint Venture

The general partners or principal owners are Advanced Development & Investment, Inc. and The Palms Residential Care Facility.

Information

Housing Type: Large Family

Proposed Average Affordability: 50.21%

Project Information

Construction Type: New Construction

Federal Subsidy: None

Total # of Units: 72

Total # Residential Buildings: 1

Davis-Bacon Required: No

NEPA Required: Yes

State Prevailing Wages Required: No

2008 TCAC Project Number: CA-2008-147

Original 2008 Federal Tax Credits Allocated: \$1,912,856

Original 2008 Federal Tax Credits Retained: \$1,912,856

Amount of Gap Financing Requested: \$956,428

Current Net Equity Factor: .80

Amount of Net Equity Factor Requested: .05 (\$1,912,856 X 10 X .05)

Amount of Gap Financing Recommended: \$956,428

Approved 2008 TCAC Proposed Rent and Income Levels

| <u>Unit Type & Number</u> | <u>% of Area Median Income</u> | <u>Proposed Rent</u> (including utilities) |
|-------------------------------|--------------------------------|---|
| 3 Two-bedroom Units | 30% | \$511 |
| 7 Two-bedroom Units | 40% | \$673 |
| 20 Two-bedroom Units | 50% | \$852 |
| 4 Three-bedroom Units | 30% | \$591 |
| 15 Three-bedroom Units | 50% | \$985 |
| 21 Three-bedroom Units | 60% | \$1,182 |
| 2 Three-bedroom Units | Managers' Units | \$1,098 |

Project Financing

Estimated Total Project Cost: \$36,461,835 Per Unit Cost: \$506,414

Revised Permanent Financing

| <u>Source</u> | <u>Amount</u> |
|------------------------------------|---------------------|
| Wilshire Bank | \$3,623,000 |
| City of Glendale Housing Authority | \$12,784,736 |
| City of Industry | \$2,000,000 |
| General Partner | \$47,814 |
| Deferred Fees | \$1,748,539 |
| TCAC ARRA Funds | \$956,428 |
| Investor Equity | \$15,301,318 |
| TOTAL | \$36,461,835 |

Income and Expense Statement for Year 1

| | |
|--------------------------------------|------------|
| Gross Residential Rents: | \$749,328 |
| Miscellaneous Income: | \$12,960 |
| Less Vacancy Rate: 7% | (\$53,360) |
| Total Effective Gross Income: | \$708,928 |
| Less Total Expenses/Reserves: | \$371,400 |
| Net Operation Income: | \$337,528 |
| Debt Service: | \$293,134 |
| 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.

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