

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

**2009 Cash in Lieu of Credits - Gap Financing/ TCAP Funds & HCD Loan Guarantee
August 26, 2009**

Project Number CA-2009-585

Project Name Windsor Redwoods
Address: 6065 Old Redwood Highway
Windsor, CA 95492 **County:** Sonoma

Applicant Information

Applicant: Burbank Housing Development Corporation
Contact Lisa Yoshida
Address: 790 Sonoma Avenue
Santa Rosa, CA 95404
Phone: (707) 526-1020 **Fax:** (707) 526-9811
Email: lyoshida@burbankhousing.org

General Partner Type: Nonprofit
The general partner or principal owner is Burbank Housing Development Corporation.

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt/HOME
HCD MHP Funding: Yes
Total # of Units: 65
Total # Residential Buildings: 6

Information

Housing Type: Rural/Large Family
Proposed Average Affordability: 43.1041

Davis-Bacon Required: Yes

NEPA Required: Yes

State Prevailing Wages Required: No

2009 TCAC Project Number: CA-2009-820

Original 2009 Federal Tax Credits Reserved: **Federal Credit**
\$1,035,846

2009 Federal Tax Credits Retained: \$1,035,846

Amount of Gap Financing Requested: **Federal Credit**
12 Cents

Current Net Equity Factor: .7377

Amount of Net Equity Factor Requested: **Federal Calculation**
(\$1,035,846 X 10 X .12) = \$1,243,002

Total Cash Award Recommended: **\$1,243,002**

HCD Loan Guarantee Requested: \$4,693,533

Total Cash Award Recommended: \$4,693,533

ARRA Scoring Criteria	Max. Possible Points	Points Awarded
DDA Bonus Points	25	25
Housing Type Points (Maximum of 50 points)		
<input checked="" type="checkbox"/> Rural Project	30	30
Total Project Cost/Cash Request Points (Maximum of 100 points)		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: \$26,402,737		
Cash Award Request: \$1,243,002		
Total Points Awarded: $100 - (\$1,243,002 / \$26,402,737 \times 100) = 95.2921$	100	95.2921
Total Average Affordability Points (Maximum of 100 points)		
Projects Original Proposed Average Affordability: 43.1041%		
60% - Average Affordability X 5 Points = $(60\% - 43.1041\%) \times 5 = 84.4795$	100	84.4795
Total Points	275	234.7716

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)
6 One-Bedroom	30%	\$451
3 One-Bedroom	40%	\$601
2 One-Bedroom	50%	\$751
1 One-Bedroom	60%	\$901
11 Two-Bedroom	30%	\$541
4 Two-Bedroom	40%	\$722
10 Two-Bedroom	50%	\$902
7 Two-Bedroom	60%	\$1,082
7 Three-Bedroom	30%	\$625
2 Three-Bedroom	40%	\$834
7 Three-Bedroom	50%	\$1,042
4 Three-Bedroom	60%	\$1,234
1 Three-Bedroom	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$26,402,737 Per Unit Cost: \$406,196

US Bank – Tax-Exempt Bonds	\$14,100,511	US Bank – Tax-Exempt Bonds	\$1,666,931
Town of Windsor – RDA	\$1,300,000	US Bank – Section 8 Increment Loan	\$1,073,476
Town of Windsor – RDA	\$900,000	Town of Windsor – RDA	\$3,192,000
Sonoma County – HOME	\$811,638	Sonoma County – HOME	\$811,638
AHP	\$432,000	AHP	\$640,000
HCD Infill Infrastructure Grant	\$2,519,409	HCD Infill Infrastructure Grant	\$2,519,409
TCAC Gap Grant	\$1,243,002	State MHSA	\$1,000,000
Seller Rent Back Income	\$120,500	Seller Rent Back Income	\$120,500
Deferred Developer Fee	\$1,761,100	Deferred Developer Fee	\$1,800,823
TCAC ARRA Funds	\$497,201	TCAC ARRA Funds	\$1,243,002
Investor Equity	\$712,552	HCD - Infill Infrastructure Grant	\$2,519,409
		HCD – MHP ARRA Guarantee	\$4,693,533
		TCAC ARRA Funds	\$1,243,002
		Investor Equity	\$7,641,424
		TOTAL	26,402,737

Income and Expense Statement for Year 1

Gross Residential Rents:	\$565,286
Subsidy Income:	\$133,037
Miscellaneous Income:	\$13,000
Vacancy Rate: 5%	(\$35,566)
Total Effective Gross Income:	\$675,757
Less Total Expenses/Reserves:	\$381,372
Net Operation Income:	\$294,385
Debt Service:	\$262,561
Net Cash Flow	\$36,825
Debt Service Ratio:	1.12

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.

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