

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2009 Cash in Lieu of Credits - Section 1602 Funds
August 5, 2009
REVISED – 11-24-09

Project Number CA-2009-538

Project Name Olivehurst Apartments
Site Address: 5086 Chestnut Ave.
Olivehurst, CA 95961 County: Yuba Census Tract: 405

Applicant Information

Applicant: Chestnut View, A California Limited Partnership
Contact: Elva L. Grant
Address: 1008 Second Street, 2nd Floor
Sacramento, CA 95814
Phone: (916) 281-2470 **Fax:** (916) 554-7502
Email: elvagrant@covad.net

General Partners(s)Type: Nonprofit
The general partner or principal owner is Chestnut Cornerstone, LLC.

Information

Housing Type: At-Risk
Proposed Average Affordability: 50.03%

Project Information

Construction Type: Rehabilitation
Federal Subsidy: None
Total # of Units: 51
Total # Residential Buildings: 8

Davis-Bacon Required: No

NEPA Required: No

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: **\$581,250** Site Work + Structures x 15% = Total Prevailing Wage Adjustment
(\$75,000 + \$3,800,000) X 15% = \$581,250

15% Prevailing Wage Adjustment: \$581,250

2008 TCAC Project Number: CA-2008-006

Original 2008 Federal & State Tax Credits Allocated: \$558,950 \$2,020,301

2008 Federal & State Tax Credits Exchanged/Returned: \$558,950 \$2,020,301

Current Net Equity Factor: .85 Fed .60 State

Amount of Net Equity Factor Requested: (\$558,950 X 10 X .85) (\$2,020,301 X .60)

Federal & State Totals \$4,751,075 \$1,212,181

Amount of Financing Requested: \$5,963,256 (\$4,751,075 + \$1,212,181)

Amount of Prevailing Wage Augmentation Requested: \$581,250

Revised ARRA Cash Request: \$6,544,506 (\$5,963,256 + \$581,250)

Total Cash Award Recommended: **\$6,544,506**

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)
2 One-Bedroom Units	30.0%	\$302
3 One-Bedroom Units	40.0%	\$403
13 One-Bedroom Units	50.0%	\$504
6 One-Bedroom Units	60.0%	\$605
3 Two-Bedroom Units	30.0%	\$363
2 Two-Bedroom Units	40.0%	\$484
12 Two-Bedroom Units	50.0%	\$605
9 Two-Bedroom Units	60.0%	\$726
1 Two-Bedroom Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$7,997,384 Per Unit Cost: \$156,811

Permanent Financing

<u>Source</u>	<u>Amount</u>
Capmark	\$1,100,000
Deferred Developer Fee	\$352,878
TCAC ARRA Funds	\$6,544,506
TOTAL	\$7,997,384

Income and Expense Statement for Year 1

Gross Residential Rents:	\$334,152
Miscellaneous Income:	\$6,000
Less Vacancy Rate: 5%	(\$17,008)
Total Effective Gross Income:	\$323,144
Less Total Expenses/Reserves:	\$196,290
Net Operation Income:	\$126,854
Debt Service:	\$109,714

Debt Service Ratio: 1.16 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.