

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2009 Cash in Lieu of Credits – TCAP Funds
December 16, 2009

Project Number CA-2009-603
Project Name Gridley Oaks
Site Address: 1500 State Highway 99
Gridley, CA 95948 County: Butte Census Tract: 0034.00

Applicant Information

Applicant: Gridley Oaks Apartments, LP
Contact: Michael Condry
Address: 1370 Jensen, Suite B
Sanger, CA 93657
Phone: 559-875-3330 **Fax:** 559-875-3365 **Email:** mcondry@miconrealestate.com

General Partner Type: Joint Venture
The general partners or principal owners are Central Valley Coalition for Affordable Housing and Gridley Oaks Apartments, LLC.

Project Information

Housing Type: Seniors
Construction Type: Acquisition and Rehabilitation
Rental/Operating Subsidy: 100% (55 Units – USDA Section 521)
HCD Funding: No
Total # of Units: 56
Total # Residential Buildings: 5
Federal Set-Aside Elected: 40%/60%
% & No. of Tax Credit Units: 100% - 55 units

Davis-Bacon Required: Yes

NEPA Required: Yes

State Prevailing Wages Required: No

15% Prevailing Wage Adjustment: N/A

2009 TCAC Project Number: CA-2009-060

2009 Annual Federal Tax Credits Reserved: \$433,650

2009 Federal Reserved Tax Credits Exchanged/Returned: \$433,550

2009 Federal Tax Credits Retained: \$100

Original Net Equity Factor (maximum \$0.80 for 2009): \$0.70 Fed

Calculated/Requested Amount of ARRA Funds (Federal): $(\$433,550 \times 10 \times 0.70) = \$3,034,850$

Calculated/Awarded ARRA Gap Funds (Federal): $(\$433,550 \times 10 \times 0.06) = \$260,130$

2009 State Tax Credits Reserved and Retained: \$1,163,748

Net Equity Factor – State Credit (\$0.50 for 2009): \$0.50 State

Calculated/Requested Amount of ARRA Funds (State credit based): (\$1,163,748 X 0.50) = \$581,874

Total Cash Award Recommended: \$3,876,854 (\$3,034,850 ARRA Funds + \$260,130 ARRA Gap Funds + \$581,874 ARRA Funds - State credit based)

Income/Rent Targeting

55-Year Use/Affordability Restriction: Yes

Number of Units @ or below 30% of area median income: 6

Number of Units @ or below 40% of area median income: 6

Number of Units @ or below 50% of area median income: 28

<u>Unit Type & Number</u>	<u>2009 Rents % of Area Median Income (rounded)</u>	<u>Proposed Rent (including utilities)</u>
6 One-bedroom Units	30%	\$313
6 One-bedroom Units	40%	\$418
28 One-bedroom Units	50%	\$523
15 One-bedroom Units	60%	\$627
1 Two-bedroom Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$7,237,632 Per Unit Cost: \$129,243

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Chase Bank	\$4,109,992	Bonneville Mortgage	\$2,200,000
USDA	\$713,000	USDA	\$713,000
City of Gridley	\$415,000	City of Gridley	\$415,000
Deferred Developer Fee	\$620,978	Deferred Developer Fee	\$32,018
Investor Equity	\$850	Investor Equity-\$100 Annual Federal Credits	\$760
TCAC ARRA Award (40%)	\$1,550,742	TCAC ARRA Award (TCAP)	\$3,876,854
		TOTAL	\$7,237,632

Income and Expense Statement for Year 1

Gross Residential Rents: \$308,220

Total Rental Subsidy Income: \$125,400

Miscellaneous Income: \$7,641

Total Vacancy Rate Loss: (\$22,063)

Total Effective Gross Income: \$419,198

Less Total Expenses/Reserves: \$207,624

Net Operation Income:	\$211,574
Debt Service:	\$177,730
Net Cash Flow	\$33,844
Debt Service Ratio:	1.19 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.