

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2009 Gap Financing – Section 1602 Funds
January 27, 2010

Project Number CA-2010-517

Project Name Rolling Hills Apartments
Address: 971 - 999 Las Palmas Drive
Templeton, CA 93465 County: San Luis Obispo

Applicant Information

Applicant: People’s Self-Help Housing Corporation
Contact Mark Wilson
Address: 3533 Empleo Street
San Luis Obispo, CA 93401
Phone: (805) 783-4460 Fax: (805) 544-1901 Email: markw@pshhc.org

General Partner Type: Nonprofit
The general partner or principal owner is People’s Self-Help Housing Corporation.

Project Information

Housing Type: At-Risk
Construction Type: Acquisition and Rehabilitation
Rental/Operating Subsidy: None
HCD MHP Funding: Yes
Total # of Units: 53
Total # Residential Buildings: 13
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 52 units
Proposed Average Affordability: 45.5365%

Davis-Bacon Required: No
NEPA Required: Yes
State Prevailing Wages Required: Yes
15% Prevailing Wage Adjustment: \$217,105 ((\$0 Site Work + \$1,447,369 Structures) X 15%)
2009 TCAC Project Number: CA-2009-852
2009 Annual Federal Tax Credits Reserved: \$194,913
2009 Federal Tax Credits Retained: \$194,913
Final Amount of Gap Financing Requested: \$197,854
Calculated Amount of Gap Financing (\$0.12 max.): \$197,854 (\$194,913 X 10 X \$0.1015) = \$197,854
Current Net Equity Factor: \$0.70365 Fed (\$0.829188 including Gap funds indicated

in ARRA application)

Original Net Equity Factor: \$0.70509 Fed (\$0.829188 including Gap Funds indicated in tax credit application)

Amount of Gap Financing Recommended: \$414,959 (\$197,854 ARRA 1602 Gap Funds + \$217,105 Prevailing Wage Adjustment)

ARRA Scoring Criteria	Max. Possible Points	Points Awarded
Housing Type Points (Maximum of 50 points)		
<input checked="" type="checkbox"/> At-Risk	30	30
Total Project Cost/Cash Request Points (Maximum of 100 points)		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: \$9,017,520		
Cash Award Request: \$197,854		
Total Points Awarded: $100 - (\$197,854 / \$9,017,520 \times 100) = 97.8059$	100	97.8059
Total Average Affordability Points (Maximum of 100 points)		
Projects Original Proposed Average Affordability: 45.5365%		
$60\% - \text{Average Affordability} \times 5 \text{ Points} = (60\% - 45.5365\%) \times 5 = 100$	100	72.3175
Total 15-Year Project-Based Rental Assistance Points (Maximum of 25 points)		
<input checked="" type="checkbox"/> Project with Less than 100% 15-Year Project-Based Rental Assistance: 62%	25	6
25 Points – ((100% minus 61.5385%) divided by 2, then result rounded down)		
Total Points	275	206.1234

Income/Rent Targeting

55-Year Use/Affordability Restriction: Yes
 Number of Units @ or below 40% of area median income: 29
 Number of Units @ or below 50% of area median income: 17
 Number of Units @ or below 60% of area median income: 6

<u>Unit Type & Number</u>	<u>2009 Rents</u> <u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
5 One-bedroom Units	40%	\$530
3 One-bedroom Units	50%	\$663
1 One-bedroom Unit	60%	\$795
17 Two-bedroom Units	40%	\$636
10 Two-bedroom Units	50%	\$796
4 Two-bedroom Units	60%	\$955
7 Three-bedroom Units	40%	\$736
4 Three-bedroom Units	50%	\$920
1 Three-bedroom Unit	60%	\$1,104
1 Two-bedroom Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$9,234,625 Per Unit Cost: \$174,238

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo Bank - Tax Exempt Bonds	\$4,318,815	Wells Fargo Bank - Tax Exempt Bonds	\$1,131,800
USDA 515 Loan Assumption	\$1,992,000	USDA 515 Loan Assumption	\$1,992,000
County of San Luis Obispo (HOME)	\$1,000,000	HCD - MHP	\$2,618,762
Coast National Bank AHP	\$397,500	County of San Luis Obispo (HOME)	\$1,000,000
Reserves	\$167,000	Coast National Bank AHP	\$397,500
Income from operations	\$94,117	Reserves	\$167,000
TCAC ARRA Award	\$414,959	Income from operations	\$94,117
		GP Equity	\$147
		Investor Equity	\$1,418,340
		TCAC ARRA Award (1602 Gap)	\$414,959
		TOTAL	\$9,234,625

Income and Expense Statement for Year 1

Gross Residential Rents:	\$405,524
Total Rental Subsidy Income:	\$84,348
Miscellaneous Income:	\$6,500
Total Vacancy Rate Loss:	(\$20,651)
Total Effective Gross Income:	\$476,721
Less Total Expenses/Reserves:	\$291,385
Net Operation Income:	\$185,336
Debt Service:	\$155,935 *
Net Cash Flow	\$29,401
Debt Service Ratio:	1.19 to 1

* Includes conventional debt service, USDA & MHP debt service, and annual issuer fee.

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.