

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2009 Cash in Lieu of Credits - Section 1602 Funds**  
**July 8, 2009**

**Project Number** CA-2009-500

**Project Name** Ocean Breeze Apartments  
**Site Address:** 1458 14<sup>th</sup> Street  
Santa Monica, CA 90404 County: Los Angeles Census Tract: 7017.20

**Applicant Information**

**Applicant:** Santa Monica Housing Investors, L.P.  
**Sponsor:** Hunter Johnson  
**Address:** 110 Pine Street  
Long Beach, CA 90802  
**Phone:** (562) 435-2124 **Fax:** (562) 684-1137 **email:** [hunter@linchousing.org](mailto:hunter@linchousing.org)

**General Partners(s) Type:** Nonprofit  
The general partner or principal owner is LINC Housing Corporation.

**Information**

**Set-Aside:** Small Development  
**Housing Type:** Senior  
**Geographic Area:** Los Angeles  
**Proposed Average Affordability:** 49.47%

**Project Information**

**Construction Type:** New Construction  
**Total # of Units:** 20  
**Total # Residential Buildings:** 1

**Davis-Bacon or NEPA Required:** No

**State Prevailing Wages Required:** Yes

**2008 TCAC Project Number:** CA-2007-085

**Original 2008 Federal Tax Credits Allocated:** \$397,043

**2008 Federal Tax Credits Exchanged/Returned:** \$397,043

**Applicable Fraction:** X .85

**Cash Award Recommended:** \$3,374,866

**Approved 2007 TCAC Proposed Rent and Income Levels**

<u>Unit Type &amp; Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
2 One-bedroom units	30%	\$389
2 One-bedroom units	40%	\$519
10 One-bedroom units	50%	\$649
5 One-bedroom units	60%	\$779
1 One-bedroom unit	Manager's unit	\$779

## Project Financing

Estimated Total Project Cost: \$11,405,306 Per Unit Cost: \$529,593  
Estimated Residential Cost: \$10,591,866  
Estimated Commercial Cost: \$813,440

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
SHS Capital—Bridge Loan	\$717,613	Citibank	\$901,173
SHS Capital—Commercial Loan	\$540,034	Santa Monica RDA	\$5,207,314
Santa Monica RDA	\$2,742,500	HCD – Infill Funds	\$997,120
Deferred Costs	\$305,458	City of Santa Monica	\$574,833
TCAC ARRA Funds	\$3,652,431	AHP	\$350,000
		TCAC ARRA Funds	\$3,374,866
		<b>TOTAL</b>	<b>\$11,405,306</b>

## Income and Expense Statement for Year 1

<b>Gross Residential Rents:</b>	\$152,328
<b>Miscellaneous Income:</b>	\$1,920
<b>Less Vacancy Rate: 5%</b>	\$(7,712)
<b>Total Effective Gross Income:</b>	\$146,536
<b>Less Total Expenses/ Reserves:</b>	\$103,527
<b>Net Operation Income:</b>	\$43,009
<b>Debt Service:</b>	\$37,399
<b>Debt Service Ratio:</b>	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.