

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

Project Number CA-2009-516

Project Name Rancho Dorado II Family Apartments
Site Address: Southeast corner of John F. Kennedy Drive and Perris Boulevard
Moreno Valley, CA 92253 County: Riverside
Census Tract: 426.05

Applicant Information

Applicant: MV Rancho Dorado II Limited Partnership
Sponsor: Danavon Horn
Address: P.O. Box 3958
Palm Desert, CA 92261
Phone: 760-568-1048 **Fax:** 760-568-9761
Email: dhorn@pddc.net

General Partners(s) Type: Joint Venture

The general partner(s) or principal owner(s) are Housing Corporation of America and Palm Desert Development Company.

Information

Housing Type: Large Family
Geographic Area: Inland Empire
Proposed Average Affordability: 49.67%

Project Information

Construction Type: New Construction
Total # of Units: 79
Total # Residential Buildings: 4

Davis-Bacon or NEPA Required: No
State Prevailing Wages Required: No
2008 TCAC Project Number: CA-2008-107
Original 2008 Federal Tax Credits Allocated: \$1,071,037
2008 Federal Tax Credits Exchanged/Returned: \$1,071,037
Applicable Fraction: X .85
Cash Award Recommended: \$9,103,815

Approved 2008 TCAC Proposed Rent and Income Levels

2008 Rents for 2nd Round 2008

<u>Unit Type & Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
5 Two-Bedroom Units	30%	\$449
5 Two-Bedroom Units	35%	\$524
24 Two-Bedroom Units	50%	\$748
20 Two-Bedroom Units	60%	\$898
3 Three-Bedroom Units	30%	\$519
3 Three-Bedroom Units	35%	\$605
12 Three-Bedroom Units	50%	\$865
6 Three-Bedroom Units	60%	\$1,038
1 Three-Bedroom Units	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$19,927,117 Per Unit Cost: \$252,242

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Farmers & Merchants Bank	\$12,661,866	Farmers & Merchants Bank	\$1,946,900
City of Moreno Valley RDA	\$1,022,400	City of Moreno Valley RDA	\$4,750,000
Cal HFA MHSA	\$1,500,000	City of Moreno Valley RDA	\$1,022,400
Riverside County - HOME	\$562,520	Cal HFA MHSA	\$1,500,000
Deferred Developer Fee	\$1,449,460	Riverside County - HOME	\$650,000
TCAC ARRA Funds	\$2,730,871	Deferred Developer Fee	\$954,002
		TCAC ARRA Funds	\$9,103,815
		TOTAL	\$19,927,117

Income and Expense Statement for Year 1

Gross Residential Rents:	\$550,248
Miscellaneous Income:	\$82,141
Less Vacancy Rate: 7.2%	\$(40,544)
Total Effective Gross Income:	\$591,845
Less Total Expenses/Reserves:	\$408,563
Net Operation Income:	\$183,282
Debt Service:	\$159,375
Debt Service Ratio:	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.