

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2009 - TCAP Funds

August 5, 2009

Gap Financing

Project Number CA-2009-544

Project Name Menlo Park
Site Address: 831 W. 70th Street
Los Angeles, CA 90044

County: Los Angeles

Applicant Information

Applicant: Menlo Park, a California Limited Partnership
Contact: Salim Karimi
Address: 5939 Monterey Road
Los Angeles, CA 90042
Phone: (323) 254-3338 **Fax:** (323) 254-3449 **Email:** salim@gotoadi.com

General Partner Type: Joint Venture

The general partners or principal owners are the Palms Residential Care Facility and Advanced Development and Investment Company.

Information

Housing Type: Large Family
Proposed Average Affordability: 49.80%

Project Information

Construction Type: New Construction
Federal Subsidy: HOME
Total # of Units: 49
Total # Residential Buildings: 1

Davis-Bacon Required: Yes

NEPA Required: Yes

State Prevailing Wages Required: No

2008 TCAC Project Number: CA-2008-088

Original 2008 Federal Tax Credits Allocated: \$1,583,486

Original 2008 Federal Tax Credits Retained: \$1,583,486

Amount of Gap Financing Requested: \$1,113,191

Current Net Equity Factor: .7797

Amount of Net Equity Factor Requested: .0703 (\$1,583,486 X 10 X .0703)

Amount of GAP Financing Recommended: \$1,113,191

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)
5 Four-Bedroom Units	30%	\$659
5 Four-Bedroom Units	40%	\$879
24 Four-Bedroom Units	50%	\$1,098
14 Four-Bedroom Units	60%	\$1,318
1 Four-Bedroom Unit	Manager Unit	\$1,229

Project Financing

Estimated Total Project Cost: \$24,918,924 Per Unit Cost: \$508,549

Revised Permanent Financing

<u>Source</u>	<u>Amount</u>
Wilshire Bank	\$2,901,500
LAHD	\$6,515,368
City of Industry	\$2,000,000
General Partner	\$43,659
TCAC ARRA Funds	\$1,113,191
Investor Equity	\$12,345,206
TOTAL	\$24,918,924

Income and Expense Statement for Year 1

Gross Residential Rents:	\$619,752
Miscellaneous Income:	\$5,880
Less Vacancy Rate: 7%	(\$43,794)
Total Effective Gross Income:	\$581,838
Less Total Expenses/Reserves:	\$311,450
Net Operation Income:	\$270,638
Debt Service:	\$234,758
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), 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.

Numbers contained in the proposed financing are subject to update and will be refined within 30 days of loan execution agreement.