

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2009 Cash in Lieu of Credits - Gap Financing/ TCAP Funds
August 26, 2009

Project Number CA-2009-554

Project Name Natomas Family Apartments
Address: Southeast Corner of Del Paso Road and Gateway Park Boulevard
Sacramento, CA 95835 County: Sacramento

Applicant Information

Applicant: CIC Natomas, L.P., a California Limited Partnership
Contact Wally Dieckmann
Address: 5993 Avenida Encinas, Suite 101
Carlsbad, CA 92008
Phone: (760) 456-6000 x103 **Fax:** (760) 756-6001

General Partner Type: Joint Venture
The general partners or principal owners are Ajax-Natomas, LLC and Pacific Southwest Community Development Corporation.

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: Yes
Total # of Units: 135
Total # Residential Buildings: 5

Information

Housing Type: Large Family
Proposed Average Affordability: 44.6466

Davis-Bacon Required: No

NEPA Required: No

State Prevailing Wages Required: Yes

2007 TCAC Project Number: CA-2007-885

Original 2007 Federal Tax Credits Reserved: **Federal Credit**
\$1,278,658

2007 Federal Tax Credits Retained: \$1,278,658

Amount of Gap Financing Requested: **Federal Credit**
10.1669 Cents

Current Net Equity Factor: **.7420**

Federal Calculation

Amount of Net Equity Factor Requested: $(\$1,278,658 \times 10 \times .101669) = \$1,300,000$

Amount of Gap Financing Recommended: **\$1,300,000**

ARRA Scoring Criteria	Max. Possible Points	Points Awarded
<i>DDA Bonus Points</i>	25	0
<i>Housing Type Points (Maximum of 50 points)</i>		
<input checked="" type="checkbox"/> Large Family/Senior Project	10	10
<i>Total Project Cost/Cash Request Points (Maximum of 100 points)</i>		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: \$29,288,790		
Cash Award Request: \$1,300,000		
Total Points Awarded: $100 - (\$1,300,000 / \$29,288,790 \times 100) = 95.5614$	100	95.5614
<i>Total Average Affordability Points (Maximum of 100 points)</i>		
Projects Original Proposed Average Affordability: 44.6466%		
60% - Average Affordability X 5 Points = $(60\% - 44.6466\%) \times 5 = 76.7670$	100	76.7670
Total Points	275	182.3284

Approved 2007 TCAC Proposed Rent and Income Levels

<u>Unit Type & Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
7 One-Bedroom	55%	\$693
9 One-Bedroom	50%	\$630
11 One-Bedroom	30%	\$378
19 Two-Bedroom	55%	\$831
17 Two-Bedroom	50%	\$756
18 Two-Bedroom	30%	\$453
17 Three-Bedroom	55%	\$961
18 Three-Bedroom	50%	\$873
18 Three-Bedroom	30%	\$524
1 Three-Bedroom	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$30,265,488 Per Unit Cost: \$224,189

MuniMae – Tax Exempt Bonds	\$16,545,000	MuniMae – Tax Exempt Bonds	\$4,981,000
SHRA	\$1,082,070	SHRA	\$1,093,000
GP Loan	\$1,300,000	HCD - MHP	\$8,532,615
Deferred Developer Fee	\$1,400,000	MMA Financial #1	\$2,250,000
Richman Equity	\$3,544,328	MMA Financial #2	\$2,250,000
MMA Financial	\$2,250,000	Deferred Developer Fee	\$1,400,000
MuniMae TEI Loan	\$2,250,000	TCAC ARRA Funds	\$1,300,000
Deferred Cost & Reserves	\$452,090	Investor Equity	\$8,458,873
		TOTAL	\$30,265,488

Income and Expense Statement for Year 1

Gross Residential Rents, net 7% :	\$1,003,892
Miscellaneous Income:	\$0
Total Effective Gross Income:	\$1,003,892
Less Total Expenses/Reserves:	\$589,782
Net Operation Income:	\$414,110
Debt Service:	\$373,011
Net Cash Flow	\$41,099
Debt Service Ratio:	1.11 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.