

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
HCD Loan Guarantee
August 26, 2009

Project Number CA-2009-562

Project Name Fourth Street Apartments
Site Address: 1470 N. 4th Street
 San Jose, CA 95112

County: Santa Clara

Applicant Information

Applicant: Fourth Street Apartments, L.P.
Sponsor: Geoffrey Morgan
Address: 75 E. Santa Clara Street, Suite 1300
 San Jose, CA 95113
Phone: (408)291-8650

Fax: (408)993-9098

General Partner Type: Nonprofit
 The general partner or principal owner Fourth Street Apartments, LLC.

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: Yes
Total # of Units: 100
Total # Residential Buildings: 1

Information

Housing Type: Large Family
Proposed Average Affordability: 42.6775%

Davis-Bacon Required: No

NEPA Required: No

State Prevailing Wages Required: Yes

2008 TCAC Project Number: CA-2008-906

	Federal/Annual	State/Total
2008 Federal & State Tax Credits Allocated:	\$1,540,633	\$5,722,351
2008 Federal & State Tax Credits Retained:	\$1,540,633	\$5,722,351
HCD Loan Guarantee Requested:	\$8,789,846	
HCD Loan Guarantee Recommended:	\$8,789,846	

ARRA Scoring Criteria	Max. Possible Points	Points Awarded
<i>DDA Bonus Points</i>	25	0
<i>Housing Type Points (Maximum of 50 points)</i>	50	
<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"/> PMIB – MHP, SHP, & Homeless Youth Projects	100	100
<input type="checkbox"/> Other Project		
Total Project Cost: \$		
Cash Award Request: \$		
Total Points Awarded: 100 - (Cash Award/Total Project Cost X 100)		
<i>Total Average Affordability Points (Maximum of 100 points)</i>	100	86.6125
Projects Original Proposed Average Affordability: 42.6775%		
60% - 42.6775% = 17.3225 X 5 Points = 86.6125		
Total Points	275	196.6125

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)
20 One-Bedroom	25%	\$497
19 One-Bedroom	50%	\$995
11 Two-Bedroom	25%	\$596
5 Two-Bedroom	45%	\$1,074
4 Two-Bedroom	50%	\$1,193
5 Two-Bedroom	55%	\$1,313
5 Two-Bedroom	60%	\$1,432
4 Three-Bedroom	25%	\$689
10 Three-Bedroom	45%	\$1,241
2 Three-Bedroom	50%	\$1,379
10 Three-Bedroom	55%	\$1,517
4 Three-Bedroom	60%	\$1,655
1 Two-Bedroom	Manager's Unit	\$1,390

Project Financing

Estimated Total Project Cost: \$48,892,273 Per Unit Cost: \$488,923

Bank of America	\$26,775,000	Bank of America	\$6,062,000
City Of San Jose	\$12,708,456	HCD – MHP ARRA Guarantee	\$8,789,846
San Andreas Center Loan	\$1,200,000	City Of San Jose	\$13,894,579
City of San Jose Deferred Interest	\$1,186,123	San Andreas Center Loan	\$1,200,000
HCD Infill Grant	\$1,513,561	HCD Infill Grant	\$1,513,561
CalReuse Grant	\$175,376	CalReuse Grant	\$175,376
Ground Lease	\$2,190,000	Deferred Fees	\$259,844
Investor Equity	\$1,687,758	Ground Lease	\$2,190,000
		Investor Equity	\$14,807,067
		TOTAL	\$48,892,273

Income and Expense Statement for Year 1

Gross Residential Rents:	\$1,156,368
Miscellaneous Income:	\$13,500
Vacancy Rate: 5%	(\$58,493)
Total Effective Gross Income:	\$1,111,375
Less Total Expenses/Reserves:	\$534,804
Net Operation Income:	\$576,571
Debt Service:	\$501,503
Net Cash Flow	\$75,067
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.