

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2009 Cash in Lieu of Credits – Section 1602 Funds

August 26, 2009

REVISED

Project Number CA-2009-581

Project Name Placerville Apartments

Address: 2684 Coloma Court

Placerville, CA 95667

County: El Dorado

Applicant Information

Applicant: HPD Placerville LP

Sponsor: Kristoffer Kaufmann

Address: 250 W. Colorado Boulevard, Suite 210

Arcadia, CA 91007

Phone: (626) 294-9525

Fax: (626) 294-9270

Email: k.kaufmann@highlandcompanies.com

General Partner Type: Joint Venture

The general partner(s) or principal owner(s) are Hearthstone Housing Foundation and HPD Placerville LLC.

Project Information

Construction Type: Rehabilitation and Acquisition

Federal Subsidy: Tax-Exempt/USDA RD

HCD MHP Funding: No

Total # of Units: 84

Total # Residential Buildings: 6

Information

Housing Type: At-Risk

Proposed Average Affordability: 40.00

Davis-Bacon Required: No

NEPA Required: No

State Prevailing Wages Required: No

2009 TCAC Project Number: CA-2009-802

Federal/Annual

2009 Federal Tax Credits Reserved: \$361,240

2009 Federal Reserved Tax Credits Exchanged/Returned: \$361,240

Original Net Equity Factor: (Max .85 for 2008 & .80 for 2009) .80 Fed

Calculated Amount of Cash Requested: (\$361,240 X 10 X .80) = \$2,889,920

Total Cash Award Recommended: **\$2,889,920**

ARRA Scoring Criteria	Max. Possible Points	Points Awarded
<i>DDA Bonus Points</i>	25	25
<i>Housing Type Points (Maximum of 50 points)</i>		
<input checked="" type="checkbox"/> At-Risk Project	30	30
<i>Total Project Cost/Cash Request Points (Maximum of 100 points)</i>		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: \$11,028,672		
Cash Award Request: \$2,889,920		
Total Points Awarded: $100 - (\$2,889,920 / \$11,028,672 \times 100) = 73.7963$	100	73.7963
<i>Total Average Affordability Points (Maximum of 100 points)</i>		
Projects Original Proposed Average Affordability: 40%		
60% - Average Affordability X 5 Points = $(60\% - 40\%) \times 5 = 100$	100	100
Total Points	275	228.7963

Approved 2009 TCAC Proposed Rent and Income Levels

<u>Unit Type & Number</u>	<u>% of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
11 One-Bedroom	50%	\$665
23 One-Bedroom	60%	\$798
13 Two-Bedroom	50%	\$798
31 Two-Bedroom	60%	\$955
2 Three-Bedroom	50%	\$923
3 Three-Bedroom	60%	\$1,107
1 Three-Bedroom	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$11,001,920 Per Unit Cost: \$130,975

JP Morgan Chase Bank	\$4,890,000	Bonneville USDA 538	\$4,290,000
USDA - Rural Development	\$3,000,000	USDA - Rural Development	\$3,000,000
Seller Carryback	\$500,000	Seller Carryback	\$500,000
Deferred Costs	\$1,011,472	Deferred Developer Fee	\$322,000
TCAC ARRA Funds	\$1,155,968	TCAC ARRA Funds	\$2,889,920
		TOTAL	\$11,001,920

Income and Expense Statement for Year 1

Gross Residential Rents:	\$780,420
Rental Subsidy Income:	\$104,664
Miscellaneous Income:	\$12,600
Vacancy Rate: 5%	(\$44,884)

Total Effective Gross Income:	\$852,800
Less Total Expenses/Reserves:	\$366,240
Net Operation Income:	\$486,560
Debt Service:	\$462,465
Net Cash Flow	\$24,095
Debt Service Ratio:	1.05 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.

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