

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2009 Gap Financing – Section 1602 Funds

January 27, 2010

Project Number CA-2010-505

Project Name Kings Crossing
Address: 686 North King Road
San Jose, CA 95133

County: Santa Clara

Applicant Information

Applicant: Kings Crossing, LP
Contact Flaherty Wright
Address: 1400 Parkmoor Avenue, Suite 190
San Jose, CA 95126
Phone: (408) 550-8313
Email: fwright@charitieshousing.org

Fax: (408) 550-8339

General Partner Type: Nonprofit

The general partner or principal owner is Charities Kings Crossing, LLC.

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt/HOME/HUD Project Based Section 8
HCD MHP Funding: Yes
Total # of Units: 94
Total # Residential Buildings: 1
Federal Setaside Elected: 20%/50%
% & No. of Targeted Units: 100% - 92 units

Information

Housing Type: Did not meet a housing type. **Proposed Average Affordability:** 40.0000%

Davis-Bacon Required: Yes

NEPA Required: Yes

State Prevailing Wages Required: Yes

15% Prevailing Wage Adjustment: \$0

2009 TCAC Project Number: CA-2009-845

Original 2009 Federal Tax Credits Reserved: \$1,730,751

Total 2009 Federal Reserved Tax Credits Retained: \$1,730,751

Current Net Equity Factor: .73071

Amount of Net Equity Gap Factor Requested: $((\$1,730,751 \times 10) / \$2,076,901) = 8.3333$ Cents

Combined Net Equity Factor Needed: $(.73071 + .083333) = .814043$

Calculation of the Amount of Gap Financing Requested: $((\$1,730,751 \times 10) / 8.3333) = \$2,076,901$

Total Gap Cash Award Recommended: \$2,076,901

ARRA Scoring Criteria	Max. Possible Points	Points Awarded
<i>Housing Type Points (Maximum of 50 points)</i>		
<input checked="" type="checkbox"/> Family Project – Did not meet the large family housing type.	10	0.0000
<i>Total Project Cost/Cash Request Points (Maximum of 100 points)</i>		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: \$46,085,382		
Cash Award Request: \$2,076,901		
Total Points Awarded: $100 - (\$2,076,901 / \$46,085,382 \times 100) = 95.4934$	100	95.4934
<i>Total Average Affordability Points (Maximum of 100 points)</i>		
Projects Original Proposed Average Affordability: 34.0114%		
60% - Average Affordability X 5 Points = $(60\% - 40.0000\%) \times 5 = 100$	100	100
<i>Total 15-Year Project-Based Rental Assistance Points (Maximum of 25 points)</i>		
% of rental subsidy did not qualify for points.	25	0.0000
Total Points	275	195.4934

Income/Rent Targeting

55-Year Use/Affordability Restriction: Yes

Number of Units @ or below 50% of area median income: 92

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)
3 One-bedroom Units	15%	\$294
7 One-bedroom Units	25%	\$494
10 One-bedroom Units	13%	\$254
4 One-bedroom Units	45%	\$894
9 One-bedroom Units	45%	\$894
4 Two-bedroom Units	15%	\$354
7 Two-bedroom Units	25%	\$594
3 Two-bedroom Units	30%	\$714
7 Two-bedroom Units	45%	\$1,069
12 Two-bedroom Units	45%	\$1,069
3 Three-bedroom Units	15%	\$410
5 Three-bedroom Units	25%	\$685
14 Three-bedroom Units	45%	\$1,240
4 Three-bedroom Units	45%	\$1,240
1 One-bedroom Units	Manager's Unit	\$0
1 Two-bedroom Units	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$46,085,382

Per Unit Cost: \$490,270

Construction Financing		Permanent Financing	
US Bank	\$25,380,000	US Bank	\$2,178,400
City of San Jose	\$10,565,700	US Bank – Sect. 8 Increment Loan	\$838,837
County of Santa Clara – HOME	\$350,994	City of San Jose	\$10,565,700
HCD – Infill Infrastructure Grant	\$4,495,840	County of Santa Clara – HOME	\$350,994
Deferred Developer Fee	\$1,061,129	County of Santa Clara – MHSA	\$1,200,000
Investor Equity	\$1,175,795	HCD – Infill Infrastructure Grant	\$4,495,840
TCAC ARRA Gap Funds	\$2,076,901	HCD - MHP	\$9,971,950
		AHP	\$460,000
		Deferred Developer Fee	\$1,300,000
		TCAC ARRA Gap Funds	\$2,076,901
		Investor Equity	\$12,646,760
		TOTAL	\$46,085,382

Income and Expense Statement for Year 1

Gross Residential Rents:	\$834,000
Rental Subsidy Income:	\$154,898
Miscellaneous Income:	\$16,280
Vacancy Rate: 5%	(\$47,967)
Total Effective Gross Income:	\$957,211
Less Total Expenses/Reserves:	\$593,689
Net Operation Income:	\$363,522
Debt Service:	\$310,067
Net Cash Flow	\$53,455
Debt Service Ratio:	1.17 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.