

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2009 Cash in Lieu of Credits – Section 1602 Funds**

**January 27, 2010**

**Project Number** CA-2010-514

**Project Name** Erna P. Harris Courts Apartments

Address: 1330 University Avenue  
Berkeley, CAS 94702

County: Alameda

**Applicant Information**

Applicant: RCD Housing LLC  
Contact: Carolyn Bookhart  
Address: 2730 Telegraph Avenue  
Berkeley, CA 94705  
Phone: (510) 841-4410  
Email: cbookhart@rcdev.org

Fax: (510) 548-3502

General Partner Type: Nonprofit

The general partner or principal owner is RCD Housing, LLC.

**Project Information**

Housing Type: Special Needs  
Construction Type: Acquisition and Rehabilitation  
Federal/Operating Subsidy: 94% (25 units - HUD Section 8 & 7 units - Shelter Plus Care)  
HCD MHP Funding: Yes  
Total # of Units: 35  
Total # Residential Buildings: 4  
Federal Setaside Elected: 40%/60%  
% & No. of Targeted Units: 100% - 34 units  
Proposed Average Affordability: 32.2249%

**Davis-Bacon Required:** No

**NEPA Required:** Yes

**State Prevailing Wages Required:** Yes

**15% Prevailing Wage Adjustment:** N/A

**2009 TCAC Project Number:** CA-2009-844

**2009 Annual Federal Tax Credits Reserved:** \$224,581

**2009 Federal Reserved Tax Credits Exchanged/Returned:** \$224,581

**Original Net Equity Factor: (maximum \$0.80 for 2009)** \$0.80 Fed

**Calculated Amount of Cash Requested:**  $(\$224,581 \times 10 \times 0.80) = \$1,796,650$

**Total Cash Award Recommended: \$1,796,650**

<b>ARRA Scoring Criteria</b>	<b>Max. Possible Points</b>	<b>Points Awarded</b>
<b><i>Housing Type Points (Maximum of 50 points)</i></b>		
<input checked="" type="checkbox"/> Special Needs Project	<b>50</b>	<b>50</b>
<b><i>Total Project Cost/Cash Request Points (Maximum of 100 points)</i></b>		
<input checked="" type="checkbox"/> Other Project		
Total Project Cost: \$9,054,601		
Cash Award Request: \$1,796,650		
Total Points Awarded: $100 - (\$1,796,650 / \$9,054,601 \times 100) = 80.1576$	<b>100</b>	<b>80.1576</b>
<b><i>Total Average Affordability Points (Maximum of 100 points)</i></b>		
Projects Original Proposed Average Affordability: 32.2249%		
$60\% - \text{Average Affordability} \times 5 \text{ Points} = (60\% - 40.0000\%) \times 5 = 100$	<b>100</b>	<b>100</b>
<b><i>Total 15-Year Project-Based Rental Assistance Points (Maximum of 25 points)</i></b>		
<input checked="" type="checkbox"/> Project with Less than 100% 15-Year Project-Based Rental Assistance: X%		
$25 \text{ Points} - ((100\% \text{ minus } 94\%) \text{ divided by } 2, \text{ then result rounded down}) = 22$	<b>25</b>	<b>22</b>
<b>Total Points</b>	<b>275</b>	<b>252.1576</b>

**Income/Rent Targeting**

55-Year Use/Affordability Restriction: Yes

Number of Units @ or below 30% of area median income: 24

Number of Units @ or below 50% of area median income: 10

**Approved 2009 TCAC Proposed Rent and Income Levels**

<b>Unit Type &amp; Number</b>	<b>% of Area Median Income</b>		<b>Proposed Rent (including utilities)</b>
	<b>Actual</b>	<b>Targeting</b>	
20 Studio Units	30%	30%	\$468
5 Studio Units	37%	50%	\$572
4 One-bedroom Units	30%	30%	\$502
5 One-bedroom Units	39%	50%	\$641
1 One-bedroom Unit	Manager's Unit		\$0

**Project Financing**

Estimated Total Project Cost: \$9,054,601 Per Unit Cost: \$258,703

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
Wells Fargo Bank	\$4,500,000	LISC	\$257,755
HCD – CHRP (Existing)	\$1,592,532	HCD – MHP	\$3,164,004
City of Berkeley (Existing)	\$1,118,959	HCD – CHRP (Existing)	\$1,592,532
City of Berkeley	\$400,000	City of Berkeley (Existing)	\$1,118,959
Alameda County – HOPWA	\$500,000	City of Berkeley	\$400,000
Existing Reserves	\$60,253	Alameda County – HOPWA	\$500,000
Costs Deferred Until Permanent	\$521,934	Existing Reserves	\$60,253
Deferred Developer Fee	\$164,448	Deferred Developer Fee	\$164,448
TCAC ARRA Funds (40%)	\$718,660	TCAC ARRA Funds (1602 Funds)	\$1,796,650
		<b>TOTAL</b>	<b>\$9,054,601</b>

**Income and Expense Statement for Year 1**

<b>Gross Residential Rents:</b>	\$209,196
<b>Rental Subsidy Income:</b>	\$65,988
<b>Miscellaneous Income:</b>	\$1,580
<b>Vacancy Rate: 10%</b>	(\$21,078)
<b>Total Effective Gross Income:</b>	\$252,387
<b>Less Total Expenses/Reserves:</b>	\$182,103
<b>Net Operation Income:</b>	\$70,284
<b>Debt Service:</b>	\$54,173 *
<b>Net Cash Flow</b>	\$16,111
<b>Debt Service Ratio:</b>	1.29 to 1

\* Takes into account interest payments on MHP and CHRP R loans and annual issuer fee.

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.

### **Special Conditions**

The applicant is required to have the project meet the special needs housing type requirements of regulation section 10325(g)(4) and to provide TCAC with documentation that the project meets said requirements, in conjunction with the 50 points awarded under housing type in the ARRA competition.