

---

---

**LOMPOC HOUSING TRUST FUND  
RECOMMENDATION FOR APPROVAL**

---

---

**TO:** ARLEEN T. PELSTER, AICP, COMMUNITY DEVELOPMENT DIRECTOR  
**FROM:** LINDA WERTMAN, REDEVELOPMENT PROGRAM COORDINATOR  
**SUBJECT:** SANTA BARBARA HOUSING ASSISTANCE CORPORATION - APPLICATION FOR CONSTRUCTION FINANCING FOR 39 UNIT COMPLEX WITH 37 AFFORDABLE MULTI-FAMILY EFFECIENCY UNITS AND COMMERCIAL OFFICE SPACE AT 513 NORTH G STREET  
**DATE:** 3/1/2007

---

**Applicant:** Santa Barbara Housing Assistance Corporation, GP, 513 North "G", Limited Partnership

**Requested Loan**

**Amount:** \$1,117,500 (\$92,500 Predevelopment/\$1,025,000 for Construction)

**Recommended Loan**

**Approval:** \$900,000

**Project Description:** Construct 39 studio units, with 37 units restricted to very-low income households of which at least 19 units are to be restricted to disabled households. The project also includes 1,800 sq ft of common space and 1,400 sq ft of office space that will house Transitions Mental Health Association who will provide supportive services on-site. Project is located at 513 North "G" Street.

**Affordability**

**Restriction:** 4 Studio Units @ 30% AMI  
33 Studio @ 50% AMI

**Total Project Costs:** \$6,824,919.00

**Construction**

<b>Loan Funds:</b>	(34%) Commercial Loan	\$2,303,048
	(13%) Housing Trust Funds	\$ 900,000
	(12%) CalHFA Help Loan	\$ 800,000
	( 4%) RDA Set-Aside	\$ 250,000
	( 2%) City of Lompoc HOME	\$ 150,000
	( 8%) Deferred Developer Fee	\$ 564,328

**Equity Funds:**

(26%) Tax Credits-Limited Partners	\$1,760,222
( 1%) Deferred Reserve/Closing Cost	\$ 97,321

## **RDA Recommendation:**

Agency staff has evaluated the application for funding submitted by Santa Barbara Housing Assistance Corporation, GP, 513 North "G", a Limited Partnership. Based on the funding criteria detailed in the Lompoc Affordable Housing Trust Fund Program Implementation Plans Section C1, Agency staff recommends the loan be approved with a reduction in the amount of the loan to \$900,000. The reduction in loan amount is due to fund availability and the findings of the loan analysis done by Redevelopment Agency staff. These findings have been discussed with the applicant and are acceptable.

Agency staff has also reduced the RDA Set-Aside funding requested for this project from a deferred \$500,000 loan @ 0% to a \$250,000 loan @ 3% interest with interest beginning 1 year from funding and fully amortizing over the next 15 years. This reduction was formulated through the analysis of the submitted Proforma, and with a work out of additional construction funding by CalHFA Help funds. The CalHFA Help funds will enable repayment by a reduction in construction interest during the construction of the project. Agency staff has worked with the applicant to assure the project had adequate financing but will not be overly subsidized by the City.

This project will assist a community need in the City by providing affordable units for extremely low and very low individuals and assisting the mentally challenged with safe, sanitary and affordable housing opportunities. This project will create 33 very-low income units and 4 extremely low-income housing units within the City of Lompoc and Old Town Redevelopment Project Area.

Agency staff recommends the application be forwarded to the Oversight Committee for their review and recommendation and their recommendation be presented to the City Council for final funding consideration at the February 20, 2007 Council Meeting.

**Redevelopment Agency Proforma Analysis  
Housing Trust Funds-12/12/06**

Project: 513 - 519 North "G" Street- Homebase on G

	Agency Analysis	Proforma Adjustments	As Submitted by SBHAC Rev #4
Land Acquisition	\$ 580,000		\$ 580,000
Architect/Engineering/Prof Svc	\$ 315,480	\$ (1)	\$ 315,479
Legal & Accounting	\$ 40,000		\$ 40,000
Tax Credit Fees & Expenses	\$ 44,389		\$ 44,389
Bond Premium-Offsite Imprv	\$ 5,000		\$ 5,000
Affordable Housing Consultants	\$ 175,000		\$ 175,000
Developer Overhead/Project Mgmt (15% Cap)	\$ 662,328		\$ 662,328
Soils Testing	\$ 12,000		\$ 12,000
Appraisal	\$ 10,000		\$ 10,000
City Fees/Dev Fees	\$ 499,969		\$ 499,969
Construction Cost	\$ 3,945,942		\$ 3,945,942
Escrow	\$ 25,000		\$ 25,000
Insurance	\$ 60,000		\$ 60,000
Rent Reserve/Mrkt	\$ 47,908		\$ 47,908
Furniture-Office, Kitchen, Rec Room	\$ 20,000		\$ 20,000
Acctg/Printing/Reimb	\$ 7,500		\$ 7,500
Development Contingency (5%)	\$ 197,297		\$ 197,297
Interest Expense	\$ 177,106		\$ 177,106
<b>Total</b>	<b>\$ 6,824,919</b>		<b>\$ 6,824,918</b>
<b>SOURCES</b>			
<b>Construction Financing:</b>			
Deffered Reserve/closing cost	\$ 97,321		\$ 97,321
Commercial Construction Loan	\$ 2,303,048		\$ 2,303,048
Housing Trust Fund (0%-Def to rentup)	\$ 900,000		\$ 900,000
Deffered Dev Fee	\$ 564,328		\$ 564,328
City of Lompoc HOME (Def 30 yrs @ 0%)	\$ 150,000		\$ 150,000
Tax Credits-Limited Partners (35%)	\$ 1,760,222		\$ 1,760,222
RDA CalHFA Help (3 yr @ 3%)	\$ 800,000		\$ 800,000
RDA (1yr 0% int conv to -15yr term @ 3%)	\$ 250,000		\$ 500,000
<b>Total</b>	<b>\$ 6,824,919</b>		<b>\$ 7,074,919</b>
GAP	\$ -		\$ 250,001
<b>Permanent Financing:</b>			
Developer Fee Loan	\$ 356,095		\$ 356,095
General Partner Equity	\$ 588		\$ 587
City of Lompoc HOME (Def 30 yrs @ 0%)	\$ 150,000		\$ 150,000
RDA (30yr amort -15yr term @ 3%)	\$ 250,000		\$ 500,000
AHP of SF FHLBB	\$ 195,000		\$ 195,000
Tax Credit Funds-Equity funders	\$ 5,873,236		\$ 5,873,236
<b>Total</b>	<b>\$ 6,824,919</b>		<b>\$ 7,074,918</b>
GAP	\$ -		
<b>During Construction GAP</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 250,001</b>
Funds Available for Debt Service (YR 1)	\$ 192,425		
Loan Repayment Due	\$ 606,683		

**COMMENTS:**

Four Revisions received to Dev Proforma

**I. ESTIMATED COST AND SOURCE OF FUNDS**

<b>A.</b>	BUILDING ACQUISITION		0
	Site Acquisition		580,000
<b>B.</b>	<b>SOFT COSTS</b>		
	DEVELOPER OVERHEAD AND PROJECT MANAGEMEN Capped	15.00%	662,328
	ARCHITECT AND ENGINEER		225,000
	STRUCTURAL ENGINEER		17,000
	LANDSCAPE ARCHITECT		3,500
	CIVIL ENGINEER AND SURVEYOR		59,980
	LEGAL AND ACCOUNTING		40,000
	TAX CREDIT APPLICATION FEES AND EXPENSES		44,389
	AFFORDABLE HOUSING CONSULTANT		175,000
	SOILS INVESTIGATION		12,000
	APPRAISAL		10,000
	CITY and Other Fees	Sched. Ie: A	495,000
	SCHOOL FEES	PER SF = \$0.35	4,969
	Off-sites, furniture (non TCAC bases) see Schedule: B		20,000
	Property Taxes (Predev Tr. Rate % =	D Ex. Amt. = 580,000	0
	Property Taxes (Cons. Ten. Rate % =		0
	Cons. Period Title, Escrow, Recording		15,000
	Title and Recording; Permanent Loan		10,000
	Credit Enhancement (permanent)		0
	Bond Premium		5,000
	insurance		50,000
	Apollo Due Diligence		0
	Total Rent Reserve Costs/Marketing		47,908
	Acq., Printing, and Reimbursements		7,500
	<b>Total Soft Costs</b>		<b>1,924,574</b>

<b>C. HARD COSTS</b>				
	4 Studio+	364 SF EACH	1,456 SF	
	2 Manager Studio	364 SF EACH	728 SF	
	0 Studio+	364 SF EACH	0 SF	
	19 Studio+	364 SF EACH	6,916 SF	
	14 Studio+	364 SF EACH	5,096 SF	
	0 One Bedroom Loft	500 SF EACH	0 SF	
	0 One Bedroom Loft	500 SF EACH	0 SF	
	0 Three Bedroom	1330 SF EACH	0 SF	
	0 Three Bedroom	1330 SF EACH	0 SF	
	<b>39 TOTAL UNITS</b>		<b>14,196 SF</b>	
	0 Covered Parking Spaces	SF: 0	0 per/Sp	0
	Dwelling Unit Portion	14,196	195.00 \$/SF	2,768,220
	Covered Parking	0	0.00 \$/SP	0
	Common Facilities	3,200	195.00 \$/SF	624,000
	Commercial Facilities (Lump SUM Non-S	0	100.00 \$/sqw	0
	<b>SITE IMPROVEMENTS</b>		<b>5000.00 \$/DU</b>	<b>195,000</b>
	<b>SUBTOTAL HARD COST</b>	<b>Total SF 17,396</b>	<b>\$206.21 /SF</b>	<b>3,587,220</b>
	CONTRACTOR OVERHEAD		5.00%	179,361
	CONTRACTOR PROFIT		5.00%	179,361
	<b>TOTAL CONSTRUCTION</b>	<b>Per Unit = 101,178</b>	<b>\$226.83 /SF</b>	<b>3,945,942</b>
	CONTINGENCY		5.00%	197,297
	<b>Total Construction &amp; Contingency</b>	<b>\$106,237</b>	<b>\$238.17 of net residential space</b>	<b>4,143,239</b>

	Rehabilitation		0
	Site Work		0
	Structures		0
	Contractor Overhead		0
	Contractor Profit		0
	Off-Site Improvements		0
	<b>TOTAL REHABILITATION COSTS</b>		<b>0</b>

<b>D. FINANCING</b>	fees+pts.	int. cost	rate	amt	term (days)	util.	int. + fees
	<b>Predevelopment:</b>						
	Predevelopment Loan	0	0.00%	0	480	0.89	0
	Owner Draw	0	5.00%	0	420	:	0
	reserved	0	6.00%	0	420	:	0
	<b>Construction/Interim:</b>						
	Developer Equity	0	0.00%	662,328	420	1	0
	AHP Loan	0	0.00%	195,000	420	1	0
	RDA Loan	0	0.00%	250,000	420	1	0
	HELP Loan	0	28,000	3.00%	800,000	420	1 28,000
	City Hsg Trust Fund	0	0	3.00%	900,000	420	1 0
	City HOME Loan	0	0	3.00%	150,000	420	0.73 0
	Institutional Construction Lt	23,030	124,076	8.25%	2,303,048	420	0.5597 147,106
	Permanent Loan	2,000	0	0.00%	0	0	1 2,000
	<b>Total Finance</b>						<b>177,106</b>

<b>TOTAL PROJECT COST</b>	<b>TCAC \$/Person</b>	<b>\$/SF</b>	<b>\$/Unit</b>	
Residential Portion Only	101,110	\$392.33	174,998	6,824,919
		\$392.33	174,998	6,824,919

<b>II. SOURCE OF FUNDS, CASH REQUIREMENT AND CONSTRUCTION LOAN</b>					<b>LTC:</b>		
	Def Reserves/closing costs	Principal	0 int. - Pts.	0	Accrued	1%	97,321
Equity	Developer	Principal	562,328	int. + Pts.	0	Accrued	8%
	RDA Loan	Principal	0	int. - Pts.	0	Non-Accrued	4%
	Hsg Trust Fund/HELP						13%
	CHFA HELP						12%
	Dev. Fee Loan						0%
	CityHOME\$150	Principal:	150,000	int. + Pts.	0	2%	150,000
Equity	Limited Partners			30.00%		26%	1,780,222
1st Lien	(Req.) CONSTRUCTION LOAN					34%	2,303,048
	<b>TOTAL COST</b>					<b>100%</b>	<b>6,824,919</b>

<b>III. SOURCE OF FUNDS, PERMANENT PERIOD</b>					<b>LTC</b>
	Developer's Internal Loan			0	
	Developer Fee Loan			5%	
	HTF Loan			0%	
	RDA Loan			4%	
	GP Equity			0%	
2nd Lien	City HOME \$150/AHP Loan (\$155000)			5%	
Equity	Net Equity		99.99%	36%	
1st Lien	PERMANENT LOAN			0%	
	<b>TOTAL COST</b>			<b>100%</b>	



513 North G Street, Prevailing Wage Lompoc, CA, studios	15 Year After Tax Projections
--	-------------------------------

### 15 Year Projection of Operations and After Tax Benefits

After-tax Cash Flows to Investors	Annual Totals:		
	1 2009	2 2010	3 2011
Effective Gross Income	192,425	197,235	202,166
All Exps.+Reserves	151,631	156,648	161,840
First TD Pmts.	0	0	0
Second TD Pmts.	0	0	0
Third TD Payments	0	0	0
Net Income After Debt	1,000	1,000	1,000
Net Cash Flow After Tax at: 38.00%	620	620	620
Allowance for Depreciation 27.5yr. SL Basis: 6,116,622	222,423	222,423	222,423
Tax. Inc. after Debt and Deprec.	-221,423	-221,423	-221,423
Tax Reduction from Depreciation on Other Income at: 38.00%	84,521	84,521	84,521
Fed. Inc. Tax Credits at 9% 8.30% Basis: 6,116,622	507,680	507,680	507,680
Fed. Inc. Tax Credits at 4% 0.00% Basis: 0	0	0	0
High Costs/DDA/QCT Adjust. 30.00% up to 30%	152,304	152,304	152,304
State Income Tax Credits 0.00% up to 30%	0	0	0
State and Federal Credits 9.00%	590,334	590,334	590,334
Tax Credits, tax savings fr. operations, and net cash flow	675,475	675,475	675,475

### Equity Payment Schedule

			4/16/2007	11/12/2007	4/15/2008	4/15/2009	4/15/2010
<b>Sources:</b>	99.50%	99.50% ult. ratio					
(initial payment rate):	99.50%	99.50% yr. 1 ratio		5,873,823			
Total Cash From Limited Partners		0 : sum		5,873,823	0	0	0
	Note Term	7 : yrs					
<b>Uses:</b>							
Development Expenses		sum:		5,873,823	0	0	0
8,081,732.00		Anticipated Net After Tax Gains to Partners					
5,873,235.92			4/16/2007	11/12/2007	4/15/2008	4/15/2009	4/15/2010

### After-Tax Cash on Invested Cash Return

Tax Credits, tax savings fr. operations, and net cash flow			675,475	675,475	675,475
Cum Paid-in Capital	sum	5873823.3	5873823.3	5873823.3	5873823.3
After-Tax % Return in Period:	0.00%	0.00%	11.50%	11.50%	11.50%

4	5	6	7	8	9	10	11	12	13	14	15
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
207,220	212,401	217,711	223,154	228,733	234,451	240,312	246,320	252,478	258,790	265,260	271,891
167,215	172,777	178,534	184,493	190,660	197,043	203,650	210,488	217,565	224,889	232,470	240,317
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0
1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
620	620	620	620	620	620	620	620	620	620	620	620
222,423	222,423	222,423	222,423	222,423	222,423	222,423	222,423	222,423	222,423	222,423	222,423
-221,423	-221,423	-221,423	-221,423	-221,423	-221,423	-221,423	-221,423	-221,423	-221,423	-221,423	-221,423
84,521	84,521	84,521	84,521	84,521	84,521	84,521	84,521	84,521	84,521	84,521	84,521
507,680	507,680	507,680	507,680	507,680	507,680	507,680	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0
152,304	152,304	152,304	152,304	152,304	152,304	152,304					
0											
590,334	590,334	590,334	590,334	590,334	590,334	590,334	0	0	0	0	0
675,475	675,475	675,475	675,475	675,475	675,475	675,475	85,141	85,141	85,141	85,141	85,141

4/15/2011	4/14/2012	4/14/2013	4/14/2014	4/14/2015	4/13/2016	4/13/2017
0	0	0	0	0	0	0
0	0	0	0	0	0	0

4/15/2011 4/14/2012 4/14/2013 4/14/2014 4/14/2015 4/13/2016 4/13/2017 4/13/2018 4/13/2019 4/12/2020 4/12/2021 4/12/2022

675,475	675,475	675,475	675,475	675,475	675,475	675,475	85,141	85,141	85,141	85,141	85,141
5873823.3	5873823.3	5873823.3	5873823.3	5873823.3	5873823.3	5873823.3	5873823.3	5873823.3	5873823.3	5873823.3	5873823.3
11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	1.45%	1.45%	1.45%	1.45%	1.45%