CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 5, 2007

Project Number CA-2007-902

Project Name Boulevard Apartments
Address: 3137 El Cajon Boulevard
San Diego, CA 92104 County: San Diego

Applicant Information
Applicant: S.V.D.P. Management, Inc.
Contact Mr. Mathew Packard
Address: 3350 E Street
San Diego, CA 92102
Phone: (619) 446-2100 Fax: (619) 446-2129
Sponsor Type: Nonprofit

Bond Information
Issuer: The Housing Authority of the City of San Diego
Expected Date of Issuance: January 2008
Credit Enhancement: N/A

Eligible Basis
Actual: $9,887,705
Requested: $9,740,803
Maximum Permitted: $9,740,803

Extra Feature Adjustments: 55-Year Use/Rent Restriction Adjustment: 120% ☒
Required to Pay Prevailing Wages: 20% ☒ Parking Beneath Residential Units: 7% ☒

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$445,870	$0
Recommended:	$445,870	$0

Project Information
Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: Yes
Total # of Units: 24
Total # Residential Buildings: 1

Income/Rent Targeting
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 23 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 23

Unit Type & Number	**2007 Rents % of Area Median Income**	**Proposed Rent** (including utilities)
3 One-Bedroom	30%	$394
9 Two-Bedroom	30%	$474
8 Two-Bedroom	40%	$632
3 Three-Bedroom	30%	$547
1 Two-Bedroom	Manager's Unit	$613

The project developer is S.V.D.P. Management, Inc.

The management services will be provided by S.V.D.P. Management, Inc.

The market analysis was provided by Novogradac & Company, LLP.

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Project Financing
Estimated Total Project Cost: $11,750,459 Per Unit Cost: $489,602 Construction Cost Per Sq. Ft.: $237

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Bank of America – Tax Ex. Bonds	$6,000,000	HCD – MHP	$2,081,535
Bank of America / FHLB – AHP	$360,000	Bank of America / FHLB – AHP	$360,000
HUD McKinney-Vento	$400,000	HUD McKinney-Vento	$400,000
Land Note / Equity	$1,210,000	Land Note / Equity	$1,210,000
S.V.D.P. Equity / Subordinate Loan	$2,240,459	G.P. Equity and Fee Deferral	$3,368,596
Investor Equity	$1,540,000	Investor Equity	$4,330,328
		TOTAL	**$11,750,459**

Determination of Credit Amount(s)

Requested Eligible Basis:	$9,740,803
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	$12,663,044
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	$455,870
Approved Developer Fee in Project Cost:	$1,289,701
Approved Developer Fee in Eligible Basis:	$1,289,701
Tax Credit Factor:	$0.94990

Applicant requests and staff recommends annual federal credits of $455,870, based on a qualified basis of $12,663,044 and a funding shortfall of $4,330,328.

Cost Analysis and Line Item Review
The requested eligible basis $9,740,803 is at the maximum TCAC's adjusted threshold basis limit $9,740,803. The basis limit includes the 120% adjustment for the 55-year use/affordability restriction for projects that have more than 50% tax-credit units, the adjustment for projects required to pay prevailing wages, and the adjustment for projects that have parking beneath the residential units. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations.

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 has calculated federal tax credits based on 3.60% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

Special Issues/Other Significant Information: The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

Nine of the 23 tax-credit units are for special needs tenants such as homeless or at-risk of homelessness in which there is a disabled adult with mental illness, HIV/AIDS, or substance abuse.

Recommendation: Staff recommends that the Committee make a reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

$455,870 Federal/Annual **$0** State/Total

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

TCAC makes the reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project will be permitted without the express approval of TCAC.

The applicant must pay TCAC an allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credits when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

Additional Conditions: None.

Project Analyst: Jack Waegell