

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2010 First Round
June 9, 2010

Project Number CA-2010-013

Project Name Brighton Place
 Site Address: On Brighton Ave. Between Edgemoor St. and Adrian St.
 Poway, CA 92064 County: San Diego
 Census Tract: 170.090

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,251,253	\$0
Recommended:	\$1,251,253	\$0

Applicant Information

Applicant: San Diego Interfaith Housing Foundation
 Contact: Matther B. Jumper
 Address: 7956 Lester Avenue
 Lemon Grove CA 91945
 Phone: 619-668-1532 Fax: 619-667-0891
 Email: mjumper@sdihf.org

General partner(s) or principal owner(s): Brighton Avenue Interfaith Housing Corporation
 General Partner Type: Nonprofit
 Developer: San Diego Interfaith Housing Fund
 Investor/Consultant: NEF
 Management Agent: Interfaith Housing Assistance Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 12
 Total # of Units: 77
 No. & % of Tax Credit Units: 76 100%
 Federal Set-Aside Elected: 40%/60% Test
 Federal Subsidy: N/A
 Affordability Breakdown by % (Lowest Income Points):
 30% AMI: 10 %
 35% AMI: 10 %
 40% AMI: 10 %
 50% AMI: 25 %

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: San Diego County
 TCAC Project Analyst: DC Navarrette

Unit Mix

44	2-Bedroom Units
33	3-Bedroom Units
<u>77</u>	Total Units

<u>Unit Type & Number</u>	<u>2009 Rents Targeted % of Area Median Income</u>	<u>2009 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 2 Bedrooms	30%	30%	\$557
5 2 Bedrooms	35%	35%	\$650
5 2 Bedrooms	40%	40%	\$743
14 2 Bedrooms	50%	45%	\$843
16 2 Bedrooms	60%	54%	\$1,011
4 3 Bedrooms	30%	30%	\$644
3 3 Bedrooms	35%	35%	\$751
3 3 Bedrooms	40%	40%	\$859
8 3 Bedrooms	50%	44%	\$936
14 3 Bedrooms	60%	52%	\$1,124
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$800

Project Financing

Estimated Total Project Cost:	\$25,886,865	Construction Cost Per Square Foot:	\$145
		Per Unit Cost:	\$336,193

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo Bank	\$10,370,865	CCRC	\$3,731,092
Poway Redevelopment Agency	\$5,381,000	Poway Redevelopment Agency	\$5,381,000
Federal Home Loan Bank - AHP	\$760,000	Poway Redevelopment Agency (Land)	\$5,655,000
Tax Credit Equity	\$1,950,000	Federal Home Loan Bank - AHP	\$760,000
		Deferred Developer Fee	\$645,000
		Tax Credit Equity	\$9,714,773
		TOTAL	\$25,886,865

Determination of Credit Amount(s)

Requested Eligible Basis:	\$10,695,539
130% High Cost Adjustment:	Yes
Qualified Basis:	\$13,904,201
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$1,251,378
Approved Developer Fee in Project Cost	\$1,700,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	NEF
Federal Tax Credit Factor:	\$0.77640

Per Regulation Section 10322(i)(4)(A), The "as if vacant" land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$10,695,539
Actual Eligible Basis:	\$19,097,898
Unadjusted Threshold Basis Limit:	\$18,075,904
Total Adjusted Threshold Basis Limit:	\$21,003,503

Adjustments to Basis Limit:

3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Projects exceeding Title 24 by at least 15%
- Projects using CRI Green Label Plus Carpet or no carpet in all bedrooms
- Projects using vent kitchen range hoods to the exterior of the building in at least 80% of the units

Utilizing New Energy Technologies

Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Second:	104.251%

Cost Analysis and Line Item Review

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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information: None

Legal Status: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency:

The Local Reviewing Agency, the City of Poway Redevelopment Agency, has completed a site review of this project and strongly supports this project.

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

Federal Tax Credits/Annual	State Tax Credits/Total
\$1,251,253	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

TCAC makes the preliminary 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 as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and 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 preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

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 credit 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Additional Conditions: None

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	45	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within 500 feet of a regular bus stop or rapid transit system stop	4	4	4
Within ¼ mile of public park or community center open to general public	3	3	3
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Large Family proj. w/i ¼ mile of public school project children may attend	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Service Amenities	10	10	10
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Health/wellness or skill-building classes, minimum instruction of 60 hrs/yr	5	5	5
Sustainable Building Methods	8	8	8
LEED/Green Communities/GreenPoint Rated Multifamily Guidelines	8	8	8
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
State Credit Substitution	2	2	2
Total Points	146	146	146

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.