

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2012 First Round

July 11, 2012

Project Number CA-12-012

Project Name Juniper Gardens Apartments
Site Address: 4251 Juniper Street
San Diego, CA 92105 County: San Diego
Census Tract: 25.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$612,896	\$0
Recommended:	\$612,896	\$0

Applicant Information

Applicant: Juniper Gardens, L.P.
Contact: Kenneth L. Sauder
Address: 1230 Columbia Street, Ste 950
San Diego, CA 92101
Phone: 619-677-2320 Fax: 619-235-5386
Email: ksauder@wakelandhdc.com

General partner(s) or principal owner(s): Wakeland Juniper Gardens, LLC
General Partner Type: For Profit
Developer: Wakeland Housing and Development Corporation
Investor: Wells Fargo Bank
Management Agent: ConAm Management Corporation

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 5
Total # of Units: 40
No. & % of Tax Credit Units: 39 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: N/A
Affordability Breakdown by Units and % (Lowest Income Points):
30% AMI: 4 10 %
40% AMI: 8 20 %
50% AMI: 16 40 %

Information

Set-Aside: At-Risk
Housing Type: At-Risk
Geographic Area: San Diego County
TCAC Project Analyst: DC Navarrette

Unit Mix

30	2-Bedroom Units
10	3-Bedroom Units
<hr/>	
40	Total Units

<u>Unit Type & Number</u>	<u>2012 Rents Targeted % of Area Median Income</u>	<u>2012 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 2 Bedrooms	30%	30%	\$542
1 3 Bedrooms	30%	30%	\$626
6 2 Bedrooms	40%	40%	\$723
2 3 Bedrooms	40%	40%	\$835
12 2 Bedrooms	50%	50%	\$903
4 3 Bedrooms	50%	50%	\$1,044
9 2 Bedrooms	60%	60%	\$1,084
2 3 Bedrooms	60%	60%	\$1,253
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$1,200

Project Financing

Estimated Total Project Cost:	\$12,494,772
Estimated Residential Project Cost:	\$12,494,772

Residential

Construction Cost Per Square Foot:	\$62
Per Unit Cost:	\$312,369

Construction Financing

<u>Source</u>	<u>Amount</u>
Wells Fargo Bank	\$7,400,291
San Diego Housing Commission	\$2,844,132
Tax Credit Equity	\$1,300,000

Permanent Financing

<u>Source</u>	<u>Amount</u>
CCRC	\$1,361,186
CCRC	\$1,762,546
San Diego Housing Commission	\$2,844,132
Solar Rebate Credit	\$91,499
Tax Credit Equity	\$6,435,409
TOTAL	\$12,494,772

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$5,068,743
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$622,460
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$6,589,367
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$622,460
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$592,977
Maximum Annual Federal Credit, Acquisition:	\$19,919
Total Maximum Annual Federal Credit:	\$612,896
Approved Developer Fee (in Project Cost & Eligible Basis):	\$875,000
Investor:	Wells Fargo Bank
Federal Tax Credit Factor:	\$1.05000

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

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$5,691,203
Actual Eligible Basis:	\$10,171,203
Unadjusted Threshold Basis Limit:	\$10,032,320
Total Adjusted Threshold Basis Limit:	\$12,038,784

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

Tie-Breaker Information

First:	At-Risk
Second:	60.556%

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, 3.20%. 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 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.

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
\$612,896	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness to Proceed 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	20	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	12
Within 1/3 of a mile of a bus stop, service every 30 minutes in rush hours	5	5	0
Within 1/4 mile of a regular bus stop (or dial-a-ride service for rural set-aside)	4	0	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 ½ mile of public school project children may attend	2	2	0
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, minimum 60 hrs/yr instruction	5	5	5
Sustainable Building Methods	10	10	10
REHABILITATION			
Rehabilitate to improve energy efficiency (change in HERS II rating): 15%	3	3	3
Additional rehab measures: PV generation	3	3	3
Additional rehab measures: Sustainable Building Management Practices	3	3	3
Additional rehab measures: Individually metered utilities per TCAC Regulation	3	3	3
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
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	148	148	145

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.