

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 18, 2016

North Park Seniors, located at 4200 Texas Street in San Diego, requested and is being recommended for a reservation of \$931,655 in annual federal tax credits to finance the new construction of 75 units of housing serving seniors with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Community HousingWorks and will be located in Senate District 39 and Assembly District 78.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-16-873

Project Name North Park Seniors
 Site Address: 4200 Texas Street
 San Diego, CA 92104 County: San Diego
 Census Tract: 60730009.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$931,655	\$0
Recommended:	\$931,655	\$0

Applicant Information

Applicant: Texas Street Senior Housing, L.P.
 Contact: Anne B. Wilson
 Address: 2815 Camino del Rio South, Suite 350
 San Diego CA 92108
 Phone: 619-450-8709 Fax: 609-282-4145
 Email: awilson@chworks.org

General Partner(s) or Principal Owner(s): Howard Avenue Senior Housing, LLC
 General Partner Type: Nonprofit
 Parent Company(ies): Community HousingWorks
 Developer: Community HousingWorks
 Investor/Consultant: Community Housing Partnership Corporation
 Management Agent: ConAm Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 76
 No. & % of Tax Credit Units: 75 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt
 HUD Section 8 Project-Based Vouchers (8 Units - 10%)
 HCD MHP Funding: No
 55-Year Use/Affordability: Yes
 Number of Units @ or below 50% of area median income: 46
 Number of Units @ or below 60% of area median income: 29

Bond Information

Issuer: Housing Authority of the City of San Diego
 Expected Date of Issuance: June 28, 2016
 Credit Enhancement: N/A

Information

Housing Type: Non-Targeted
 Geographic Area: San Diego County
 TCAC Project Analyst: DC Navarrette

Unit Mix

7 SRO/Studio Units
 66 1-Bedroom Units
 3 2-Bedroom Units

 76 Total Units

Unit Type & Number	2015 Rents Targeted % of Area Median Income	2015 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
7 SRO/Studio	50%	50%	\$708
37 1 Bedroom	50%	50%	\$759
28 1 Bedroom	60%	60%	\$911
2 2 Bedrooms	50%	50%	\$911
1 2 Bedrooms	60%	60%	\$1,093
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,165,583
Construction Costs	\$14,166,199
Rehabilitation Costs	\$0
Construction Contingency	\$708,310
Relocation	\$0
Architectural/Engineering	\$1,427,307
Const. Interest, Perm. Financing	\$1,588,847
Legal Fees, Appraisals	\$57,000
Reserves	\$148,366
Other Costs	\$1,973,912
Developer Fee	\$2,887,956
Commercial Costs	\$0
Total	\$28,123,480

Project Financing

Estimated Total Project Cost:	\$28,123,480
Estimated Residential Project Cost:	\$28,123,480
Estimated Commercial Project Cost:	\$0

Residential

Construction Cost Per Square Foot:	\$208
Per Unit Cost:	\$370,046
Effective Per Unit Cost:	\$345,911

Construction Financing

Source	Amount
Union Bank	\$15,000,000
San Diego Housing Commission	\$6,300,000
Seller Note/GP Loan	\$3,240,345
AHP	\$750,000
Costs Deferred Until Conversion	\$1,707,808
Tax Credit Equity	\$1,125,327

Permanent Financing

Source	Amount
Union Bank	\$4,000,000
San Diego Housing Commission	\$7,000,000
Seller Note/GP Loan	\$1,834,265
General Partner Loan	\$1,164,931
AHP	\$750,000
Bond Deposit Refund	\$120,000
Accrued/Deferred Interest	\$339,800
Deferred Developer Fee	\$1,487,964
Business Energy Tax Credit Equity	\$180,000
Tax Credit Equity	\$11,246,520
TOTAL	\$28,123,480

Determination of Credit Amount(s)

Requested Eligible Basis:	\$22,051,005
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$28,666,306
Applicable Rate:	3.25%
Total Maximum Annual Federal Credit:	\$931,655
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,887,956
Investor/Consultant:	Community Housing Partnership Corporation
Federal Tax Credit Factor:	\$1.20715

Per Regulation Section 10322(h)(9)(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:	\$22,051,005
Actual Eligible Basis:	\$22,051,005
Unadjusted Threshold Basis Limit:	\$17,518,977
Total Adjusted Threshold Basis Limit:	\$31,941,831

Adjustments to Basis Limit

- Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 61%

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 3.25% of the qualified basis. 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.

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
\$931,655	\$0

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.

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.

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 reservation 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.

Additional Conditions

The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The project commits to becoming certified under any one of the following programs:
GreenPoint Rated Multifamily Guidelines.
- The project will be developed beyond the minimum requirements of the green building program by meeting the GreenPoint Silver.