

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2018 First Round**  
**June 13, 2018**

San Ysidro Senior Village, located at 517 West San Ysidro Boulevard in San Diego, requested and is being recommended for a reservation of \$1,109,101 in annual federal tax credits to finance the new construction of 50 units of housing serving special needs tenants with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by National Community Renaissance of California and will be located in Senate District 40 and Assembly District 80.

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

**Project Number** CA-18-046

**Project Name** San Ysidro Senior Village  
 Site Address: 517 West San Ysidro Boulevard  
 San Diego, CA 92173 County: San Diego  
 Census Tract: 100.120

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,109,101	\$0
Recommended:	\$1,109,101	\$0

**Applicant Information**

Applicant: National Community Renaissance of California  
 Contact: Lorna Contreras  
 Address: 9421 Haven Avenue  
 Rancho Cucamonga, CA 91730  
 Phone: (909) 204-3445  
 Email: lcontreras@nationalcore.org

General Partner(s) / Principal Owner(s): National Community Renaissance of California  
 General Partner Type: Nonprofit  
 Parent Company(ies): National Community Renaissance of California  
 Developer: National Community Renaissance of California  
 Investor/Consultant: Red Stone Equity Partners  
 Management Agent(s): National Community Renaissance of California

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 51  
 No. & % of Tax Credit Units: 50 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HOME / HUD Section 8 Project Based Vouchers (38 units - 76%)

**Information**

Set-Aside: N/A  
 Housing Type: Special Needs  
 Type of Special Needs: Homeless/formerly homeless  
 Average Targeted Affordability of Special Needs/SRO Project Units: 38.00%  
 % of Special Need Units: 50 units 100%  
 Geographic Area: San Diego County  
 TCAC Project Analyst: Diane SooHoo

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 18	35%
At or Below 40% AMI: 20	40%
At or Below 50% AMI: 10	20%
At or Below 60% AMI: 2	4%

**Unit Mix**

50 SRO/Studio Units  
 1 2-Bedroom Units  


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 51 Total Units

<u>Unit Type &amp; Number</u>	<u>2017 Rents Targeted % of Area Median Income</u>	<u>2017 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
20 SRO/Studio	30%	26%	\$416
20 SRO/Studio	40%	40%	\$637
10 SRO/Studio	50%	44%	\$694
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$13,325,400

**Project Cost Summary at Application**

Land and Acquisition	\$3,306,167
Construction Costs	\$7,463,474
Rehabilitation Costs	\$0
Construction Contingency	\$389,762
Relocation	\$0
Architectural/Engineering	\$980,430
Const. Interest, Perm. Financing	\$865,150
Legal Fees, Appraisals	\$165,000
Reserves	\$233,911
Other Costs	\$2,135,237
Developer Fee	\$1,400,000
Commercial Costs	\$0
<b>Total</b>	<b>\$16,939,131</b>

**Residential**

Construction Cost Per Square Foot:	\$226
Per Unit Cost:	\$332,140
True Cash Per Unit Cost*:	\$329,900

**Construction Financing**

Source	Amount
Pacific Western Bank	\$8,600,000
San Diego Housing Commission	\$5,580,000
City of San Diego Fee Waiver	\$114,240
Tax Credit Equity	\$1,547,195

**Permanent Financing**

Source	Amount
Pacific Western Bank	\$310,255
San Diego Housing Commission	\$6,200,000
City of San Diego Fee Waiver	\$114,240
Tax Credit Equity	\$10,314,636
<b>TOTAL</b>	<b>\$16,939,131</b>

\*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$9,489,493
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$12,336,341
Applicable Rate:	9.00%
Maximum Annual Federal Credit, Rehabilitation:	\$1,110,271
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	Red Stone Equity Partners
Federal Tax Credit Factor:	\$0.93000

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, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$9,489,493
Actual Eligible Basis:	\$13,285,275
Unadjusted Threshold Basis Limit:	\$10,109,500
Total Adjusted Threshold Basis Limit:	\$14,289,309

**Adjustments to Basis Limit**

- Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages
- 100% of the Low Income Units for Special Needs Population
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First:	<b>Special Needs</b>
Final:	<b>57.370%</b>

**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 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.25%. 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.

**Significant Information / Additional Conditions**

The proposed rent does not include a utility allowance. The owner will pay for all utilities.

Adequate laundry facilities must be available on project premises, with no fewer than one washer/dryer per 15 units upon completion of the project prior to the issuance of federal tax forms.

All Low Income Units of the project are receiving rental subsidy. Thirty-eight (38) units are receiving HUD project-based voucher rental assistance and twelve (12) units are receiving Project One for All (POFA) - County of San Diego partnership program voucher rental assistance.

**Resyndication and Resyndication Transfer Event:** 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, San Diego Housing Commission, has completed a site review of this project and strongly supports this project.

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. 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 fifteen 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)(5) 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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ¼ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ¾ mile of public park or community center open to general public	2	2	2
Within 1 mile of public library	2	2	2
Senior project within ¾ mile of daily operated senior center/facility	2	2	2
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>SPECIAL NEEDS HOUSING TYPE</b>			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>NEW CONSTRUCTION/ADAPTIVE REUSE</b>			
Develop project in accordance w/ requirements: LEED	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>113</b>	<b>113</b>	<b>113</b>

**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.**