

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2019 Second Round**

**September 25, 2019**

**REVISED**

Ivy Senior Apartments, located at 5858 Mt. Alifan Drive in San Diego, requested and is being recommended for a reservation of \$1,692,552 in annual federal tax credits to finance the new construction of 52 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 Wakeland Housing & Development Corporation and will be located in Senate District 39 and Assembly District 77.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the SNHP program through CalHFA.

**Project Number** CA-19-105

**Project Name** Ivy Senior Apartments  
Site Address: 5858 Mt. Alifan Drive  
San Diego, CA 92111 County: San Diego  
Census Tract: 85.090

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,692,552	\$0
Recommended only if the Committee approves the pending appeal:	\$1,692,552	\$0

**Applicant Information**

Applicant: Mt. Alifan Apartments LP  
Contact: Cameron Shariati  
Address: 1230 Columbia Street, Suite 950  
San Diego, CA 92101  
Phone: 619-326-6217  
Email: cshariati@wakelandhdc.com

General Partner(s) / Principal Owner(s):	Wakeland Mt. Alifan LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Wakeland Housing & Development Corporation
Developer:	Wakeland Housing & Development Corporation
Investor/Consultant:	California Housing Partnership Corporation
Management Agent(s):	ConAm Management

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 53  
 No. & % of Tax Credit Units: 52 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HOME / HUD Section 8 Project-based Vouchers (52 units - 100%)

**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: 40.00%  
 % of Special Need Units: 52 units 100%  
 Geographic Area: San Diego County  
 TCAC Project Analyst: Diane SooHoo

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
At or Below 30% AMI: 26	50%
At or Below 50% AMI: 21	40%

**Unit Mix**

52 SRO/Studio Units
1 2-Bedroom Units
<b>53 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2019 Rents Targeted % of Area Median Income</b>	<b>2019 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
26 SRO/Studio	30%	30%	\$561
26 SRO/Studio	50%	50%	\$936
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$4,080,000
Construction Costs	\$13,756,723
Rehabilitation Costs	\$0
Construction Contingency	\$990,527
Relocation	\$0
Architectural/Engineering	\$840,000
Const. Interest, Perm. Financing	\$1,577,168
Legal Fees	\$115,000
Reserves	\$134,275
Other Costs	\$2,370,682
Developer Fee	\$1,400,000
Commercial Costs	\$0
<b>Total</b>	<b>\$25,264,375</b>

**Residential**

Construction Cost Per Square Foot:	\$370
Per Unit Cost:	\$476,686
True Cash Per Unit Cost*:	\$474,416

**Construction Financing**

Source	Amount
Wells Fargo Bank	\$15,232,170
CalHFA - SNHP <sup>1</sup>	\$1,059,968
Accrued/Deferred Interest	\$39,478
SDHC <sup>2</sup> - HOME	\$5,525,000
Accrued/Deferred Interest	\$205,774
AHP	\$520,000
RTCIP <sup>3</sup> Fee Waiver	\$120,328
Deferred Costs	\$974,275
Tax Credit Equity	\$1,587,383

**Permanent Financing**

Source	Amount
CalHFA - SNHP <sup>1</sup>	\$1,059,968
Accrued/Deferred Interest	\$39,478
SDHC <sup>2</sup> - HOME	\$6,500,000
Accrued/Deferred Interest	\$205,773
AHP	\$520,000
RTCIP <sup>3</sup> Fee Waiver	\$120,328
Tax Credit Equity	\$16,818,828
<b>TOTAL</b>	<b>\$25,264,375</b>

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

<sup>1</sup>Special Needs Housing Program

<sup>2</sup>San Diego Housing Commission

<sup>3</sup>Regional Transportation Congestion Improvement Program

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$14,466,256
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$18,806,133
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,692,552
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.99370

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:	\$14,466,256
Actual Eligible Basis:	\$19,509,628
Unadjusted Threshold Basis Limit:	\$11,086,444
Total Adjusted Threshold Basis Limit:	\$16,304,379

**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

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

- Project has onsite renewable generation estimated to produce 50% or more of annual tenant electricity use as indicated in TCAC Regulations.
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all kitchens, living rooms, and bathrooms (where no VOC adhesives or backing is used)
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all interior floor space other than units (where no VOC adhesives or backing is used)
- For new construction projects, meet all requirements of US EPA Indoor Air Plus Program.

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First:	<b>Special Needs</b>
Final:	<b>58.031%</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 meet or 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, 3.30%. 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**

TCAC staff initially reduced points for general partner experience because the documentation was not included in the application. At the September 25, 2019 Committee Meeting, the Committee granted the applicant's appeal of staff's point reduction.

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

**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>3</b>
General Partner Experience	6	6	0
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>17</b>	<b>15</b>
Within ¼ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public library	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
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
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	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: GreenPoint Rated Program	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>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>113</b>	<b>113</b>	<b>107</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.**