

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2019 Second Round

September 25, 2019

Paseo Artist Village, located at 501-503, 505, 515, 517, 519, 521, 523 South Santa Fe Avenue in Vista, requested and is being recommended for a reservation of \$1,533,452 in annual federal tax credits to finance the new construction of 59 units of housing serving large families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Community HousingWorks and will be located in Senate District 36 and Assembly District 76.

Project Number CA-19-107

Project Name Paseo Artist Village
Site Address: 501-503, 505, 515, 517, 519, 521, 523 South Santa Fe Avenue
Vista, CA 92083 County: San Diego
Census Tract: 195.030

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,533,452	\$0
Recommended:	\$1,533,452	\$0

Applicant Information

Applicant: South Santa Fe Housing Associates, L.P.
Contact: Mary Jane Jagodzinski
Address: 3111 Camino del Rio North, Suite 800
San Diego, CA 92108
Phone: 619-450-8710
Email: mjag@chworks.org

General Partner(s) / Principal Owner(s):	Paseo Artist Village, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Community HousingWorks
Developer:	Community HousingWorks
Investor/Consultant:	California Housing Partnership Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 2
Total # of Units: 60
No. & % of Tax Credit Units: 59 100%
Federal Set-Aside Elected: 40%/60%

Information

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

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 18	30%
At or Below 50% AMI: 6	10%
At or Below 60% AMI: 35	55%

Unit Mix

22 1-Bedroom Units
22 2-Bedroom Units
16 3-BedroomUnits
60 Total Units

Unit Type & Number	2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
7 1 Bedroom	30%	26%	\$518
6 2 Bedrooms	30%	24%	\$582
5 3 Bedrooms	30%	23%	\$647
2 1 Bedroom	50%	43%	\$863
2 2 Bedrooms	50%	40%	\$971
2 3 Bedrooms	50%	39%	\$1,079
13 1 Bedroom	60%	51%	\$1,018
13 2 Bedrooms	60%	48%	\$1,145
9 3 Bedrooms	60%	46%	\$1,273
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,095,000
Construction Costs	\$16,364,150
Rehabilitation Costs	\$0
Construction Contingency	\$1,914,963
Relocation	\$0
Architectural/Engineering	\$1,077,000
Const. Interest, Perm. Financing	\$1,861,984
Legal Fees	\$40,000
Reserves	\$144,495
Other Costs	\$4,005,866
Developer Fee	\$1,700,000
Commercial Costs	\$225,000
Total	\$32,428,458

Residential

Construction Cost Per Square Foot:	\$227
Per Unit Cost:	\$536,724
True Cash Per Unit Cost*:	\$447,680

Construction Financing

Source	Amount
US Bank	\$15,760,897
City of Vista - Land Donation	\$5,080,000
City of Vista	\$8,599,980
Deferred Interest	\$307,487
Deferred Developer Fee	\$300,000
Costs Deferred Until Conversion	\$994,495
Tax Credit Equity	\$1,385,599

Permanent Financing

Source	Amount
US Bank	\$2,955,700
City of Vista - Land Donation	\$5,080,000
City of Vista	\$8,599,980
Deferred Interest	\$307,487
Deferred Developer Fee	\$300,000
Tax Credit Equity	\$15,185,291
TOTAL	\$32,428,458

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$13,106,431
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$17,038,360
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,533,452
Approved Developer Fee in Project Cost:	\$1,700,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.99027

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:	\$13,106,431
Actual Eligible Basis:	\$25,633,994
Unadjusted Threshold Basis Limit:	\$17,535,354
Total Adjusted Threshold Basis Limit:	\$23,324,887

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

Tie-Breaker Information

First:	Large Family
Final:	47.454%

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:

This project involves the rehabilitation of two scattered-site buildings bifurcated by approximately 50 feet of privately owned land used for fiber optic storage.

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, the City of Vista, 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.

Points System	Max. Possible Points	Requested Points	Points Awarded
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 ½ mile of transit, service every 30 minutes in rush hours	5	5	5
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
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ½ miles of public middle school	3	3	0
Within 1 mile of medical clinic or hospital	2	2	0
Within ½ mile of a pharmacy	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, min. 60 hrs/yr instruction	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: GreenPoint Rated Program	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	113	113	113

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.**