CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 16, 2019

Mariner's Village, located at 6847 Potomac Street in San Diego, requested and is being recommended for a reservation of $2,752,822 in annual federal tax credits to finance the acquisition and rehabilitation of 170 units of housing serving tenants with rents affordable to households earning 40-80% of area median income (AMI). The project will be developed by Housing Development Partners and is located in Senate District 40 and Assembly District 79.

Project Number CA-19-427

Project Name Mariner's Village

Site Address:	6847 Potomac Street		
	San Diego, CA 92139	County:	San Diego
Census Tract:	32.08		

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,752,822	$0
Recommended:	$2,752,822	$0

Applicant Information

Applicant:	HDP Mariner's Village LP
Contact:	Hanan Bowman
Address:	701 B Street - Suite 530
	San Diego, CA 92101
Phone:	(619) 578-7559
Email:	hbowman@hdpartners.org

General Partner(s) or Principal Owner(s):	HDP Mariner's Village Management LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Housing Development Partners
Developer:	Housing Development Partners
Investor/Consultant:	Boston Capital
Management Agent:	ConAm Management Corp.

Project Information

Construction Type:	Acquisition & Rehabilitation	
Total # Residential Buildings:	12	
Total # of Units:	172	
No. / % of Low Income Units:	170	100.00%
Federal Set-Aside Elected:	40%/60% Average Income	
Federal Subsidy:	Tax-Exempt	

Bond Information

Issuer:	HA of the City of San Diego
Expected Date of Issuance:	April 1, 2020

Information

Housing Type:	Non-Targeted
Geographic Area:	San Diego County
TCAC Project Analyst:	Lucy Vang

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
40% AMI:	53	31%
60% AMI:	73	43%
80% AMI:	44	26%

Average Income Project (70% and/or 80% AMI Units): 59% AMI targeted average or less is required

Unit Mix

20	1-Bedroom Units
108	2-Bedroom Units
44	3-Bedroom Units
172	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	40%	40%	$802
9	1 Bedroom	60%	60%	$1,203
4	1 Bedroom	80%	62%	$1,242
33	2 Bedrooms	40%	40%	$963
44	2 Bedrooms	60%	60%	$1,444
30	2 Bedrooms	80%	62%	$1,502
13	3 Bedrooms	40%	40%	$1,113
20	3 Bedrooms	60%	56%	$1,550
10	3 Bedrooms	80%	63%	$1,762
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$46,800,000
Construction Costs	$0
Rehabilitation Costs	$13,648,200
Construction Hard Cost Contingency	$1,364,820
Soft Cost Contingency	$338,886
Relocation	$1,760,000
Architectural/Engineering	$868,992
Const. Interest, Perm. Financing	$3,511,750
Legal Fees	$230,000
Reserves	$879,950
Other Costs	$717,775
Developer Fee	$9,989,785
Commercial Costs	$0
Total	**$80,110,158**

Residential

Construction Cost Per Square Foot:	$91
Per Unit Cost:	$465,757
True Cash Per Unit Cost*:	$242,452

Construction Financing

Source	Amount
Citi Community Capital	$42,000,000
SDHC / Seller Note	$31,638,564
Tax Credit Equity	$2,615,181

Permanent Financing

Source	Amount
City Community Capital	$15,550,000
SDHC / Seller Note	$31,638,564
Deferred Developer Fee	$6,769,785
Tax Credit Equity	$26,151,809
TOTAL	**$80,110,158**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$22,768,352
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$53,820,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$29,598,858
Qualified Basis (Acquisition):	$53,820,000
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$976,762
Maximum Annual Federal Credit, Acquisition:	$1,776,060
Total Maximum Annual Federal Credit:	$2,752,822
Approved Developer Fee (in Project Cost & Eligible Basis):	$9,989,785
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	$0.95000

Except as allowed for projects basing cost on assumed third party debt, the "as if vacant" land value and the existing improvement value established at application for all projects, 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. 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:	$76,588,352
Actual Eligible Basis:	$76,588,352
Unadjusted Threshold Basis Limit:	$59,769,368
Total Adjusted Threshold Basis Limit:	$90,251,746

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

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 31%

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 3.30% 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.

Significant Information / Additional Conditions:

This project is anticipated to be a 100% tax-credit project, but currently has approximately 2 over-income tenants above 80% AMI whom does not qualify as tax-credit tenants. The applicant will endeavor to have these tenants voluntarily relocated at time of placed-in-service. However, if any of these tenants do not relocate, the project's actual applicable fraction will be determined at the placed-in-service review.

Resyndication and Resyndication Transfer Event: None

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.

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.

CDLAC Additional Conditions
The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.