CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
January 15, 2020

Valencia Pointe, located at 5930 Division Street in San Diego, requested and is being recommended for a reservation of $1,616,811 in annual federal tax credits and $11,514,709 in total state tax credits to finance the new construction of 101 units of housing serving large families with rents affordable to households earning 40-80% AMI of area median income (AMI). The project will be developed by CRP Housing & Community Development and will be located in Senate District 40 and Assembly District 79.

The project financing includes state funding from the MIP program(s) through CalHFA.

Project Number	CA-20-431	
Project Name	Valencia Pointe	
Site Address:	5930 Division Street	
	San Diego, CA 92114	County: San Diego
Census Tract:	31.13	

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$1,616,811	$11,514,709
Recommended:	$1,616,811	$11,514,709

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant:	CRP Valencia Pointe LP
Contact:	Kursat Misirlioglu
Address:	600 B Street, Suite 300 San Diego, CA 92101
Phone:	619-599-3852
Email:	k.misirlioglu@outlook.com

General Partner(s) or Principal Owner(s):	CRP Valencia Pointe AGP LLC MAAC on Anti-Poverty of San Diego County, Inc.
General Partner Type:	Joint Venture
Parent Company(ies):	CRP Affordable Housing and Community Development MAAC on Anti-Poverty of San Diego County, Inc.
Developer:	CRP Affordable Housing and Community Development
Investor/Consultant:	CREA, LLC
Management Agent:	MAAC on Anti-Poverty of San Diego County, Inc.

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	102
No. / % of Low Income Units:	101 100.00%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt

Bond Information

Issuer:	California Housing Finance Agency
Expected Date of Issuance:	March 30, 2020

Information

Housing Type:	Large Family
Geographic Area:	San Diego County
TCAC Project Analyst:	Sara Dixon

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
40% AMI:	21	21%
50% AMI:	18	18%
60% AMI:	41	41%
80% AMI:	21	21%

Unit Mix

58	2-Bedroom Units
44	3-Bedroom Units
102	Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
12	2 Bedrooms	80%	61%	$1,469
24	2 Bedrooms	60%	60%	$1,444
10	2 Bedrooms	50%	50%	$1,203
12	2 Bedrooms	40%	40%	$963
9	3 Bedrooms	80%	67%	$1,853
17	3 Bedrooms	60%	60%	$1,669
8	3 Bedrooms	50%	50%	$1,391
9	3 Bedrooms	40%	40%	$1,113
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$11,140,000
Construction Costs	$23,863,997
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$1,314,200
Soft Cost Contingency	$174,956
Relocation	$0
Architectural/Engineering	$874,094
Const. Interest, Perm. Financing	$2,714,784
Legal Fees	$225,000
Reserves	$799,856
Other Costs	$3,180,173
Developer Fee	$5,006,846
Commercial Costs	$0
Total	**$49,293,906**

Residential

Construction Cost Per Square Foot:	$250
Per Unit Cost:	$483,274
True Cash Per Unit Cost*:	$419,285

Construction Financing

Source	Amount
Citibank	$25,439,115
Citibank - Taxable	$11,519,185
Seller Carryback	$4,040,000
Deferred Costs	$4,731,597
Federal Tax Credit Equity	$2,182,258
State Tax Credit Equity	$1,381,751

Permanent Financing

Source	Amount
Citibank	$14,715,000
Seller Carryback	$4,040,000
CalHFA - Mixed Income Program	$4,040,000
Deferred Developer Fee	$2,486,846
Forgone Developer Fee	$252,000
Tax Credit Equity	$23,760,060
TOTAL	**$49,293,906**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$38,385,816
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$49,901,561
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	$1,616,811
Total State Credit:	$9,212,504
Approved Developer Fee (in Project Cost & Eligible Basis):	$5,006,846
Investor/Consultant:	CREA, LLC
Federal Tax Credit Factor:	$0.89982
State Tax Credit Factor:	$0.79999

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:	$38,385,816
Actual Eligible Basis:	$38,385,816
Unadjusted Threshold Basis Limit:	$37,771,328
Total Adjusted Threshold Basis Limit:	$57,910,656

Adjustments to Basis Limit
Local Development Impact Fees
95% of Upper Floor Units are Elevator-Serviced
Income Targeted between 50% AMI & 36% AMI: 38%

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 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:
The applicant's estimate of contractor profit, overhead and general requirement costs exceeds TCAC limits. The applicant is cautioned that at final review, prior to the issuance of the IRS 8609 forms, any costs or eligible basis that exceeds the limits will not be allowed.

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.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

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.