

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
January 15, 2020**

Windsor Pointe, located at 965-967 Oak Avenue and 3606-3618 and 3630 Harding Street in Carlsbad, requested a reservation of \$926,630 in annual federal tax credits and \$6,587,649 in total state tax credits and is being recommended for \$926,630 in federal credits and \$6,071,932 in state credits to finance the new construction of 48 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Affirmed Housing Group, Inc. and will be located in Senate District 36 and Assembly District 76.

The project financing includes state funding from the NPLH program of HCD.

**Project Number** CA-20-437

**Project Name** Windsor Pointe

	<u>Site A</u>	<u>Site B</u>
Site Address:	965-967 Oak Avenue Carlsbad, CA 92008	3606-3618 & 3630 Harding Street Carlsbad, CA 92008

County: San Diego  
Census Tract: 179.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$926,630	\$6,587,649
Recommended:	\$926,630	\$6,071,932

\* The applicant made an election not to sell (Certificate) any portion of the state credits.

**Applicant Information**

Applicant: Carlsbad Veteran Housing, L.P.  
Contact: Marie Allen  
Address: 13520 Evening Creek Drive North, Suite 160  
San Diego, CA 92128  
Phone: (858) 679-2464  
Email: marie@affirmedhousing.com

General Partner(s) or Principal Owner(s): AHG Windsor Pointe, LLC  
NEXUS For Affordable Housing, Inc.  
General Partner Type: Joint Venture  
Parent Company(ies): Affirmed Housing Group, Inc.  
NEXUS For Affordable Housing, Inc.  
Developer: Affirmed Housing Group, Inc.  
Investor/Consultant: WNC & Associates  
Management Agent: Solari Enterprises, Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 2  
 Total # of Units: 50  
 No. / % of Low Income Units: 48 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt  
 Utility Allowance: CUAC

**Bond Information**

Issuer: California Municipal Finance Authority  
 Expected Date of Issuance: February 12, 2020

**Information**

Housing Type: Special Needs  
 Geographic Area: San Diego County  
 TCAC Project Analyst: Tiffani Negrete

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
50% AMI: 29	60%
60% AMI: 19	40%

**Unit Mix**

24 SRO/Studio Units  
 16 1-Bedroom Units  
 8 2-Bedroom Units  
 2 3-Bedroom Units  


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 50 Total Units

<u>Unit Type &amp; Number</u>	<u>2019 Rents Targeted % of Area Median Income</u>	<u>2019 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
12 SRO/Studio	50%	16%	\$300
12 SRO/Studio	60%	60%	\$1,123
9 1 Bedroom	50%	17%	\$350
3 1 Bedroom	50%	50%	\$1,003
4 1 Bedroom	60%	60%	\$1,203
3 2 Bedrooms	50%	19%	\$457
1 2 Bedrooms	50%	50%	\$1,203
2 2 Bedrooms	60%	60%	\$1,444
1 3 Bedrooms	50%	27%	\$759
1 3 Bedrooms	60%	60%	\$1,669
2 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$4,345,791
Construction Costs	\$14,946,752
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,053,000
Soft Cost Contingency	\$274,000
Relocation	\$331,000
Architectural/Engineering	\$950,000
Const. Interest, Perm. Financing	\$1,590,438
Legal Fees	\$185,000
Reserves	\$5,679,000
Other Costs	\$1,292,947
Developer Fee	\$2,500,000
Commercial Costs	\$0
<b>Total</b>	<b>\$33,147,928</b>

**Residential**

Construction Cost Per Square Foot:	\$314
Per Unit Cost:	\$662,959
True Cash Per Unit Cost*:	\$662,959

**Construction Financing**

<u>Source</u>	<u>Amount</u>
JP Morgan Chase - T.E. Bonds	\$15,202,647
City of Carlsbad - Loan 1	\$3,825,000
Deferred Costs	\$4,170,105
Tax Credit Equity	\$9,950,175

**Permanent Financing**

<u>Source</u>	<u>Amount</u>
City of Carlsbad Commitment #2	\$4,543,392
City of Carlsbad Commitment #1	\$4,250,000
San Diego County - NPLH Loan	\$5,265,000
San Diego County - NPLH COSR	\$4,875,000
Tax Credit Equity	\$14,214,536
<b>TOTAL</b>	<b>\$33,147,928</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$21,999,752
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$28,599,678
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$926,630
Total State Credit:	\$6,587,649
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	WNC & Associates
Federal Tax Credit Factor:	\$0.98010
State Tax Credit Factor:	\$0.77913

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:	\$21,999,752
Actual Eligible Basis:	\$21,999,752
Unadjusted Threshold Basis Limit:	\$13,572,848
Total Adjusted Threshold Basis Limit:	\$27,488,511

**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

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

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 60%

**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 3.24% 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 a new construction scattered site project consisting of 50 units in 2 buildings. Each site will consist of 24 low-income units and one on-site manager unit.

Four households will be permanently relocated and will have a right to return to the subject property. At place-in-service, any units not occupied by income-qualified tenants will be not considered tax credit units and the applicable fraction will be adjusted accordingly. The recorded TCAC regulatory agreement will also require that upon turnover the unit(s) must be occupied by income-qualified tenants.

**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.