

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
May 20, 2020**

Ulric Street Apartments, located at 2645-2685 Ulric Street in San Diego, requested and is being recommended for a reservation of \$1,656,286 in annual federal tax credits to finance the new construction of 95 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 39 and Assembly District 79.

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

**Project Number** CA-20-482

**Project Name** Ulric Street Apartments  
Site Address: 2645-2685 Ulric Street  
San Diego, CA 92111 County: San Diego  
Census Tract: 86.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,656,286	\$0
Recommended:	\$1,656,286	\$0

**Applicant Information**

Applicant: Ulric Street 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: mjjag@chworks.org

General Partner(s) or Principal Owner(s): Ulric Street Housing Opportunities, LLC  
General Partner Type: Nonprofit  
Parent Company(ies): Community HousingWorks  
Developer: Community HousingWorks  
Investor/Consultant: California Housing Partnership  
Management Agent: ConAm Management

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 96  
 No. / % of Low Income Units: 95 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HOME /  
 HUD Section 8 VASH Project-based Vouchers (10 units - 11%)

**Bond Information**

Issuer: San Diego Housing Commission  
 Expected Date of Issuance: August 14, 2020

**Information**

Housing Type: Large Family  
 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>
30% AMI: 54	57%
40% AMI: 22	23%
50% AMI: 8	8%
60% AMI: 11	12%

**Unit Mix**

12 SRO/Studio Units  
 22 1-Bedroom Units  
 33 2-Bedroom Units  
 29 3-Bedroom Units  


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 96 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>
10 SRO/Studio	30%	30%	\$561
2 SRO/Studio	30%	30%	\$561
21 1 Bedroom	30%	30%	\$601
11 2 Bedrooms	30%	30%	\$722
22 2 Bedrooms	40%	40%	\$963
10 3 Bedrooms	30%	30%	\$834
8 3 Bedrooms	50%	50%	\$1,391
11 3 Bedrooms	60%	60%	\$1,669
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$10,007,090
Construction Costs	\$25,633,519
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,625,781
Soft Cost Contingency	\$306,946
Relocation	\$1,232,546
Architectural/Engineering	\$1,705,260
Const. Interest, Perm. Financing	\$3,729,053
Legal Fees	\$90,000
Reserves	\$285,474
Other Costs	\$1,917,732
Developer Fee	\$4,677,188
Commercial Costs	\$0
<b>Total</b>	<b>\$52,210,589</b>

**Residential**

Construction Cost Per Square Foot:	\$278
Per Unit Cost:	\$543,860
True Cash Per Unit Cost*:	\$528,235

**Construction Financing**

<u>Source</u>	<u>Amount</u>
Union Bank - T.E. Bonds	\$28,930,321
Union Bank	\$3,983,141
SDHC - HOME**	\$6,300,000
County of San Diego	\$7,000,000
Accrued Interest	\$422,916
Deferred Costs	\$3,058,684
Contributed Developer Fee	\$1,177,188
General Partner Equity	\$100
Tax Credit Equity	\$1,338,239

**Permanent Financing**

<u>Source</u>	<u>Amount</u>
Union Bank - T.E. Bonds	\$2,135,000
HCD - MHP	\$18,222,571
SDHC - HOME**	\$7,000,000
County of San Diego	\$7,000,000
Accrued Interest	\$422,916
Deferred Developer Fee	\$1,500,000
Contributed Developer Fee	\$1,177,188
General Partner Equity	\$100
Tax Credit Equity	\$14,752,814
<b>TOTAL</b>	<b>\$52,210,589</b>

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

\*\*San Diego Housing Commission - HOME Loan

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$39,323,027
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$51,119,935
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$1,656,286
Approved Developer Fee (in Project Cost & Eligible Basis):	\$4,677,188
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.89072

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:	\$39,323,027
Actual Eligible Basis:	\$39,323,027
Unadjusted Threshold Basis Limit:	\$32,044,188
Total Adjusted Threshold Basis Limit:	\$87,480,634

**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

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: 31%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 112%

**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**

The reservation of tax credits is contingent upon verification by HUD of the rental subsidy contract rent amounts within 180 days of the date of reservation.

**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.