

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2020 Second Round**

**October 14, 2020**

El Cajon Senior Apartments, located at 735-739 El Cajon Boulevard in El Cajon, requested and is being recommended for a reservation of \$145,331 in annual federal tax credits to finance the acquisition and rehabilitation of 8 units of housing serving special needs tenants with rents affordable to households earning 30-40% of area median income (AMI). The project will be developed by San Diego Community Housing Corporation and is located in Senate District 38 and Assembly District 71.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

**Project Number** CA-20-160

**Project Name** El Cajon Senior Apartments  
**Site Address:** 735-739 El Cajon Boulevard  
El Cajon, CA 92020 County: San Diego  
**Census Tract:** 159.020

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$145,331	\$0
Recommended:	\$145,331	\$0

**Applicant Information**

**Applicant:** ECB Housing Partners, L.P.  
**Contact:** Ted Miyahara  
**Address:** 6160 Mission Gorge Road, Suite 204  
San Diego, CA 92120  
**Phone:** 619-876-4222  
**Email:** tmiyahara@ots-sdchc.org

**General Partner(s) / Principal Owner(s):** San Diego Community Housing Corporation  
**General Partner Type:** Nonprofit  
**Parent Company(ies):** San Diego Community Housing Corporation  
**Developer:** San Diego Community Housing Corporation  
**Investor/Consultant:** California Housing Partnership Corporation  
**Management Agent(s):** Solari Enterprises Inc.

**Project Information**

**Construction Type:** Acquisition & Rehabilitation  
**Total # Residential Buildings:** 3  
**Total # of Units:** 9  
**No. & % of Tax Credit Units:** 8 100%  
**Federal Set-Aside Elected:** 40%/60%  
**Federal Subsidy:** HUD Section 8 Project-based Vouchers (8 units - 100%)

**Information**

Set-Aside: N/A  
 Housing Type: Special Needs  
 Type of Special Needs: Homeless/Formerly homeless  
 Average Targeted Affordability of Special Needs/SRO Project Units: 38.75%  
 % of Special Need Units: 8 units 100%  
 Geographic Area: San Diego County  
 TCAC Project Analyst: Tiffani Negrete

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
At or Below 30% AMI:	1	10%
At or Below 40% AMI:	7	80%

**Unit Mix**

8 1-Bedroom Units
1 2-Bedroom Units
<b>9 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2020 Rents Targeted % of Area Median Income</b>	<b>2020 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
1 1 Bedroom	30%	30%	\$649
7 1 Bedroom	40%	40%	\$866
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,801,000
Construction Costs	\$0
Rehabilitation Costs	\$1,048,500
Construction Contingency	\$154,850
Relocation	\$346,000
Architectural/Engineering	\$92,500
Const. Interest, Perm. Financing	\$175,074
Legal Fees	\$75,000
Reserves	\$156,750
Other Costs	\$141,906
Developer Fee	\$237,908
Commercial Costs	\$0
<b>Total</b>	<b>\$4,229,488</b>

**Residential**

Construction Cost Per Square Foot:	\$203
Per Unit Cost:	\$469,943
True Cash Per Unit Cost*:	\$398,650

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Banner Bank	\$1,949,176	Banner Bank	\$1,002,000
County of San Diego	\$1,215,000	County of San Diego	\$1,350,000
Seller Carryback Loan	\$641,640	Seller Carryback Loan	\$641,640
Deferred Costs	\$299,495	Tax Credit Equity	\$1,235,848
Tax Credit Equity	\$124,177	<b>TOTAL</b>	<b>\$4,229,488</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$1,242,146
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$0
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$1,614,790
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$0
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$145,331
Approved Developer Fee (in Project Cost & Eligible Basis):	\$237,908
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.85037

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

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$1,242,146
Actual Eligible Basis:	\$3,323,962
Unadjusted Threshold Basis Limit:	\$2,448,344
Total Adjusted Threshold Basis Limit:	\$2,668,695

**Adjustments to Basis Limit**

100% of the Low Income Units for Special Needs Population

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Project has onsite renewable generation estimated to produce 50% or more of annual tenant electricity use as indicated in TCAC Regulations.
- Project has onsite renewable generation estimated to produce 75% or more of annual common area electricity use as indicated in TCAC Regulations.

**Tie-Breaker Information**

First: **Special Needs**  
Final: **72.023%**

**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, 3.24%. 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 proposed rent does not include a utility allowance. The owner will pay for all utilities.

The applicant requested a waiver of the square footage requirements for one-bedroom units as allowed in TCAC Regulation Section 10325(g)(3)(H). The waiver request has been granted by the Executive Director and the square footage for one-bedroom units at this project will be at least 435 square feet.

**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

**Local Reviewing Agency**

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

**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.

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 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

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.

<b>Points System</b>	<b>Max. Possible</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ½ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within 1½ miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Special Needs project within ½ mile of facility serving tenant population	3	3	0
Within ½ mile of medical clinic or hospital	3	3	0
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>SPECIAL NEEDS HOUSING TYPE</b>			
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Health/behavioral services provided by licensed org. or individual	5	5	5
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>REHABILITATION</b>			
Rehabilitate to improve energy efficiency (change in HERS II rating): 15.0%	3	3	3
Additional rehab measures: PV generation that offsets 30% tenant loads or 90% of available solar accessible roof area	2	2	2
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>113</b>	<b>113</b>	<b>113</b>

**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.**