CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 11, 2021

Rancho Bernardo Senior Housing, located at 11520 West Bernardo Court in San Diego, requested and is being recommended for a reservation of $1,974,878 in annual federal tax credits to finance the adaptive reuse of 175 units of housing serving tenants with rents affordable to households earning 40-60% of area median income (AMI). The project will be developed by Affirmed Housing Group, Inc. and will be located in Senate District 39 and Assembly District 77.

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

Project Number   CA-21-556

Project Name   Rancho Bernardo Senior Housing
   Site Address: 11520 West Bernardo Court
                              San Diego, CA 92127   County: San Diego
   Census Tract: 170.32

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	$1,974,878	$0
Recommended:	$1,974,878	$0

Applicant Information
   Applicant: Rancho Bernardo Senior Housing, L.P.
   Contact: Shonda Herold
   Address: 13520 Evening Creek Drive North, Suite 160
                              San Diego, CA 92128
   Phone: (858) 679-2828
   Email: Shonda@AffirmedHousing.com

   General Partner(s) or Principal Owner(s):   Community Advancement Development Corp.
                                                  Affirmed Housing Group, Inc.
   General Partner Type: Joint Venture
   Parent Company(ies):   Community Advancement Development Corp.
                                                  Affirmed Housing Group, Inc.
   Developer: Affirmed Housing Group, Inc.
   Bond Issuer: San Diego Housing Commission
   Investor/Consultant: Raymond James Credit Funds
   Management Agent: ConAm Management Corporation

Project Information

Construction Type: Adaptive Reuse
Total # Residential Buildings: 4
Total # of Units: 178
No. / % of Low Income Units: 175   100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt/HUD Section 8 Vouchers (44 units - 25%)

Information

Housing Type: Non-Targeted
Geographic Area: San Diego County
TCAC Project Analyst: Sarah Gullikson

55-Year Use / Affordability

	Aggregate Targeting Number of Units	Percentage of Affordable Units
40% AMI:	44	25%
50% AMI:	88	50%
60% AMI:	43	25%

Unit Mix

175 SRO/Studio Units
  3 2-Bedroom Units
178 Total Units

Unit Type & Number		2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
44	SRO/Studio	40%	$848
88	SRO/Studio	50%	$1,061
43	SRO/Studio	60%	$1,273
3	2 Bedrooms	Manager's Unit	$0

Project Cost Summary at Application

Land and Acquisition	$28,000,000
Construction Costs	$9,585,000
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$766,800
Soft Cost Contingency	$322,279
Relocation	$0
Architectural/Engineering	$790,000
Const. Interest, Perm. Financing	$3,620,679
Legal Fees	$195,000
Reserves	$562,000
Other Costs	$1,839,920
Developer Fee	$4,060,000
Commercial Costs	$0
Total	**$49,741,678**

Residential

Construction Cost Per Square Foot:	$88
Per Unit Cost:	$279,448
True Cash Per Unit Cost*:	$273,738

Construction Financing

Source	Amount
ORIX/Lument - Tax Exempt	$24,926,225
ORIX/Lument - Taxable	$2,485,058
SHDC (HOME/CDBG)	$4,275,000
Deferred Costs	$2,319,386
Deferred Developer Fee	$1,016,287
Tax Credit Equity	$14,719,721

Permanent Financing

Source	Amount
ORIX/Lument	$27,411,283
SHDC (HOME/CDBG)	$4,500,000
Deferred Developer Fee	$1,016,287
Tax Credit Equity	$16,814,108
TOTAL	**$49,741,678**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$18,256,305
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$25,638,743
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$23,733,197
Qualified Basis (Acquisition):	$25,638,743
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$949,328
Maximum Annual Federal Credit, Acquisition:	$1,025,550
Total Maximum Annual Federal Credit:	$1,974,878
Approved Developer Fee (in Project Cost & Eligible Basis):	$4,060,000
Investor/Consultant:	Raymond James Credit Funds
Federal Tax Credit Factor:	$0.85140

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.

Significant Information / Additional Conditions

The proposed rents do not include any utility allowance. The owner will pay for all utilities.

This project will include the adaptive reuse of an existing 178-unit hotel originally constructed in 1989. Upon completion, the project will include 175 LIHTC units and 3 manager's units.

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.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

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.