

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

ShoreLINE, located at 4470 Alvarado Canyon Road in San Diego, requested and is being recommended for a reservation of \$3,031,781 in annual federal tax credits and \$10,590,970 in total state tax credits to finance the new construction of 124 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 Affirmed Housing Group, Inc. and will be located in Senate District 39 and Assembly District 79.

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

Project Number CA-21-557

Project Name ShoreLINE
Site Address: 4470 Alvarado Canyon Road
San Diego, CA 92120 County: San Diego
Census Tract: 96.04

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,031,781	\$10,590,970
Recommended:	\$3,031,781	\$10,590,970

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

Applicant Information

Applicant: Grantville Trolley Family Housing, L.P.
Contact: Jimmy Silverwood
Address: 13520 Evening Creek Drive N., Suite 160
San Diego, CA 92128
Phone: 858-679-2828
Email: James@affirmedhousing.com

General Partner(s) or Principal Owner(s):	Affirmed Housing Group, Inc. Compass for Affordable Housing
General Partner Type:	Joint Venture
Parent Company(ies):	Affirmed Housing Group, Inc. Compass for Affordable Housing
Developer:	Affirmed Housing Group, Inc.
Bond Issuer:	San Diego Housing Commission
Investor/Consultant:	Boston Financial Investment Management
Management Agent:	ConAm Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 126
 No. / % of Low Income Units: 124 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax Exempt / HUD Section 8 Project-based vouchers (25 units-20%)

Information

Housing Type: Large Family
 Geographic Area: San Diego County
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	37	30%
40% AMI:	4	3%
50% AMI:	39	31%
60% AMI:	44	35%

Unit Mix

38 SRO/Studio Units
23 1-Bedroom Units
32 2-Bedroom Units
33 3-Bedroom Units
126 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
10 SRO/Studio	30%	\$636
12 SRO/Studio	30%	\$636
4 SRO/Studio	40%	\$849
12 SRO/Studio	50%	\$1,061
10 1 Bedroom	30%	\$682
13 1 Bedroom	50%	\$1,136
4 2 Bedrooms	30%	\$818
2 2 Bedrooms	50%	\$1,363
25 2 Bedrooms	60%	\$1,636
1 3 Bedrooms	30%	\$945
12 3 Bedrooms	50%	\$1,575
19 3 Bedrooms	60%	\$1,890
1 2 Bedrooms	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1
Construction Costs	\$42,843,506
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,999,045
Soft Cost Contingency	\$624,314
Relocation	\$0
Architectural/Engineering	\$2,580,500
Const. Interest, Perm. Financing	\$4,370,000
Legal Fees	\$250,000
Reserves	\$480,000
Other Costs	\$3,299,747
Developer Fee	\$3,500,000
Commercial Costs	\$0
Total	\$60,947,113

Residential

Construction Cost Per Square Foot:	\$341
Per Unit Cost:	\$483,707
True Cash Per Unit Cost*:	\$475,771

Construction Financing

Source	Amount
Banner Bank - Tax Exempt	\$31,483,880
Banner Bank - Taxable	\$17,346,056
Tax Credit Equity	\$12,117,177

Permanent Financing

Source	Amount
Banner Bank - Tax Exempt	\$15,265,445
HCD - TOD	\$10,000,000
Deferred Developer Fee	\$1,000,000
Tax Credit Equity	\$34,681,668
TOTAL	\$60,947,113

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$58,303,482
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$75,794,527
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,031,781
Total State Credit:	\$10,590,970
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	Boston Financial Investment Management
Federal Tax Credit Factor:	\$0.88110
State Tax Credit Factor:	\$0.75240

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

This project has a project-based Section 8 voucher (PBV) contract with San Diego Housing Commission on the 20 of the 126 tax-credit units with a 15-year term. The proposed rent does not include a utility allowance for the 106 units not receiving a project-based Section 8 voucher. The owner will pay for all utilities for these units.

The applicant has requested the use of a CUAC utility allowance. TCAC staff is in the process of reviewing the CUAC documentation for this existing project. TCAC has not received confirmation of approval from the public housing authority for use of a CUAC at this project. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

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.