

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 Second Round

September 29, 2021

Fourth Corner Apartments, located at 4021, 4029, 4035, 4037 and 4061 Fairmount Avenue in San Diego, requested and is being recommended for a reservation of \$1,338,479 in annual federal tax credits to finance the new construction of 74 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 Wakeland Housing & Development Corporation and will be located in Senate District 40 and Assembly District 80.

Project Number CA-21-126

Project Name Fourth Corner Apartments
Site Address: 4021, 4029, 4035, 4037 and 4061 Fairmount Avenue
San Diego CA 92105County: San Diego
Census Tract: 0023.02

Tax Credit Amounts	Federal/Annual *	State/Total
Requested:	\$1,338,479	\$0
Recommended:	\$1,338,479	\$0

* Consolidated Appropriations Act, 2021 (CAA) Federal Credits

Applicant Information

Applicant: Wakeland Price Fourth Corner LP
Contact: Peter Armstrong
Address: 1230 Columbia Street, Suite 950
San Diego CA 92101
Phone: 619-677-2300
Email: parmstrong@wakelandhdc.com

General Partner(s) / Principal Owner(s): Wakeland Price Fourth Corner LLC
General Partner Type: Nonprofit
Parent Company(ies): Wakeland Housing and Development Corporation
Developer: Wakeland Housing and Development Corporation
Investor/Consultant: California Housing Partnership Corporation
Management Agent(s): ConAm

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 75
No. & % of Tax Credit Units: 74 100%
Federal Set-Aside Elected: 40%/60%

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: San Diego County
 TCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 8	10%
At or Below 45% AMI: 15	20%
At or Below 50% AMI: 30	40%
At or Below 60% AMI: 21	25%

Unit Mix

55 2-Bedroom Units
20 3-Bedroom Units
75 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
6 2 Bedrooms	30%	\$818
2 3 Bedrooms	30%	\$945
11 2 Bedrooms	45%	\$1,227
4 3 Bedrooms	45%	\$1,418
22 2 Bedrooms	50%	\$1,363
8 3 Bedrooms	50%	\$1,575
15 2 Bedrooms	60%	\$1,636
6 3 Bedrooms	60%	\$1,890
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,174,651
Construction Costs	\$27,646,155
Rehabilitation Costs	\$0
Construction Contingency	\$1,558,790
Relocation	\$0
Architectural/Engineering	\$1,390,000
Const. Interest, Perm. Financing	\$1,788,271
Legal Fees	\$85,000
Reserves	\$262,890
Other Costs	\$2,848,879
Developer Fee	\$800,000
Commercial Costs	\$200,000
Total	\$40,754,636

Residential

Construction Cost Per Square Foot:	\$271
Per Unit Cost:	\$540,728
True Cash Per Unit Cost*:	\$488,610

Construction Financing

Source	Amount
US Bank	\$22,130,510
Price Philanthropies Soft Loan	\$12,825,000
Price Philanthropies Land Donation	\$3,750,000
RTCIP Fee Waiver	\$178,192
Deferred Costs	\$742,890
Tax Credit Equity	\$1,128,044

Permanent Financing

Source	Amount
US Bank	\$10,126,000
Price Philanthropies Soft Loan	\$14,250,000
Price Philanthropies Land Donation	\$3,750,000
RTCIP Fee Waiver	\$178,192
Tax Credit Equity	\$12,450,444
TOTAL	\$40,754,636

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$11,439,991
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$14,871,988
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,338,479
Approved Developer Fee (in Project Cost & Eligible Basis):	\$800,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.93019

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 amount.

Disaster Credit Tie Breaker Information

First:	No
Second:	No
Third:	\$13,727.99

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, the San Diego Housing Commission, has completed a site review of this project and strongly supports this project.

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 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.

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.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
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 ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1 mile of a public high school	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	109

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.