

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2021 Second Round**

**November 17, 2021**

Cedar & Kettner, located at 1566 Kettner Boulevard in San Diego, requested and is being recommended for a reservation of \$2,427,889 in annual federal tax credits to finance the new construction of 63 units of housing serving seniors with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by BRIDGE Housing Corporation and will be located in Senate District 39 and Assembly District 78.

Cedar & Kettner will be receiving state funding from the SNHP through CalHFA.

**Project Number** CA-21-064

**Project Name** Cedar & Kettner  
Site Address: 1566 Kettner Boulevard  
San Diego, CA 92101 County: San Diego  
Census Tract: 58.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,427,889	\$0
Recommended:	\$2,427,889	\$0

**Applicant Information**

Applicant: BRIDGE Housing Corporation  
Contact: Aruna Doddapaneni  
Address: 4142 Adams Ave, Suite 103-627  
San Diego, CA 92116  
Phone: (619) 814-1285  
Email: adoddapaneni@bridgehousing.com

General Partner(s) / Principal Owner(s): Cedar Kettner LLC  
General Partner Type: Nonprofit  
Parent Company(ies): BRIDGE Housing Corporation  
Developer: BRIDGE Housing Corporation  
Investor/Consultant: California Housing Partnership  
Management Agent(s): BRIDGE Property Management Company

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 64  
No. & % of Tax Credit Units: 63 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: None

**Information**

Set-Aside: N/A  
Housing Type: Seniors  
Geographic Area: San Diego County  
TCAC Project Analyst: Brett Andersen

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 13	21%
At or Below 50% AMI: 49	78%
At or Below 60% AMI: 1	1%

**Unit Mix**

6 SRO/Studio Units
55 1-Bedroom Units
3 2-Bedroom Units
<u>64 Total Units</u>

<u>Unit Type &amp; Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 SRO/Studio	30%	\$636
7 1 Bedroom	30%	\$682
1 2 Bedrooms	30%	\$818
1 SRO/Studio	50%	\$998
18 1 Bedroom	50%	\$1,023
30 1 Bedroom	50%	\$1,136
1 2 Bedrooms	60%	\$1,636
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$5,076,593
Construction Costs	\$23,309,030
Rehabilitation Costs	\$0
Construction Contingency	\$1,543,141
Relocation	\$0
Architectural/Engineering	\$3,595,737
Const. Interest, Perm. Financing	\$2,449,492
Legal Fees	\$145,000
Reserves	\$323,902
Other Costs	\$3,257,241
Developer Fee	\$2,200,000
Commercial Costs	\$0
<b>Total</b>	<b>\$41,900,136</b>

## Residential

Construction Cost Per Square Foot:	\$402
Per Unit Cost:	\$654,690
True Cash Per Unit Cost*:	\$585,288

### Construction Financing

Source	Amount
US Bank Construction Loan	\$21,295,108
County of San Diego IHTF Loan	\$1,016,315
City of San Diego Loan	\$4,032,000
County of San Diego - Land Donation	\$4,290,000
CalHFA SNHP Loan	\$757,120
AHP (Sponsor Loan)	\$630,000
RTCIP Fee Waiver	\$151,704
Holland Partner Group Grant	\$6,257,000
Cost Deferred Until Conversion	\$1,423,902
Tax Credit Equity	\$2,046,987

### Permanent Financing

Source	Amount
US Bank Permanent Loan	\$1,620,200
City of San Diego Loan	\$4,480,000
County of San Diego IHTF Loan	\$1,129,238
County of San Diego Land Donation	\$4,290,000
CalHFA SNHP Loan	\$757,120
AHP (Sponsor Loan)	\$630,000
RTCIP Fee Waiver	\$151,704
Holland Partner Group Grant	\$6,257,000
Tax Credit Equity	\$22,584,874
<b>TOTAL</b>	<b>\$41,900,136</b>

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

### Determination of Credit Amount(s)

Requested Eligible Basis:	\$20,751,184
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$26,976,539
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,427,889
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.93023

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.

### Tie-Breaker Information

First:	<b>Seniors</b>
Final:	<b>72.564%</b>

**Significant Information / Additional Conditions:** None.

**Resyndication and Resyndication Transfer Event:** None.

### Local Reviewing Agency

The Local Reviewing Agency, 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

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
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 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Senior project within ½ mile of daily operated senior center/facility	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Health & wellness services and programs, minimum 100 hrs per 100 bdms	5	5	5
<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>109</b>	<b>109</b>	<b>109</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.**