

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
June 15, 2022

Cortez Hill Apartments, located at 1449 Ninth Avenue in San Diego, requested and is being recommended for a reservation of \$1,878,283 in annual federal tax credits tax credits to finance the new construction of 87 units of housing serving tenants with rents affordable to households earning 25% of area median income (AMI). The project will be developed by Community HousingWorks and will be located in Senate District 39 and Assembly District 78.

The project is receiving rental assistance from HUD Section 8 Project-based vouchers. It is also includes financing includes state funding from the Multifamily Housing Program program(s) of HCD.

Project Number CA-22-456

Project Name Cortez Hill Apartments
Site Address: 1449 Ninth Avenue
 San Diego CA 92101 County: San Diego
Census Tract: 56.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,878,283	\$0
Recommended:	\$1,878,283	\$0

Applicant Information

Applicant: Beech Street Housing Associates, L.P.
Contact: Mary Jane Jagodzinski
Address: 3111 Camino Del Rio N, Suite 800
 San Diego CA, 92108
Phone: 619-450-8710
Email: mjjag@chworks.org

General Partner(s) or Principal Owner(s): CHW Beech Street LLC
General Partner Type: Nonprofit
Parent Company(ies): Community HousingWorks
Developer: Community HousingWorks
Bond Issuer: San Diego Housing Commission
Investor/Consultant: California Housing Partnership
Management Agent: ConAm Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 88
 No. / % of Low Income Units: 87 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Project-based vouchers (87 units - 100%)

Information

Housing Type: Non-Targeted
 Geographic Area: San Diego County
 CTCAC Project Analyst: Nick White

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 87	100%

Unit Mix

79 1-Bedroom Units
9 2-Bedroom Units
<hr/> 88 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
79 1 Bedroom	25%	\$568
8 2 Bedrooms	25%	\$681
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,085,236
Construction Costs	\$24,626,155
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,262,011
Soft Cost Contingency	\$511,026
Relocation	\$0
Architectural/Engineering	\$1,232,118
Const. Interest, Perm. Financing	\$3,032,323
Legal Fees	\$77,500
Reserves	\$1,484,550
Other Costs	\$2,025,608
Developer Fee	\$4,711,412
Commercial Costs	\$0
Total	\$40,047,939

Residential

Construction Cost Per Square Foot:	\$450
Per Unit Cost:	\$455,090
True Cash Per Unit Cost*:	\$426,551

Construction Financing

Source	Amount
Banner Bank Tax Exempt	\$19,305,000
Banner Bank Taxable	\$9,729,754
San Diego Housing Commission	\$4,500,000
Costs Deferred Until Conversion	\$3,795,961
Deferred Developer Fee	\$1,300,000
Tax Credit Equity	\$1,417,224

Permanent Financing

Source	Amount
Banner Bank Tax-Exempt Perm	\$8,563,000
HCD MHP	\$7,681,790
San Diego Housing Commission	\$5,000,000
Deferred Developer Fee	\$1,300,000
Developer Fee	\$1,211,412
Tax Credit Equity	\$16,291,737
TOTAL	\$40,047,939

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$36,120,826
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$46,957,074
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,878,283
Approved Developer Fee (in Project Cost & Eligible Basis):	\$4,711,412
Investor/Consultant:	Califorina Housing Partnership
Federal Tax Credit Factor:	\$0.86737

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: None

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.

CTCAC 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 CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC 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, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, 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 CTCAC 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 CTCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.