

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2022 Second Round

September 28, 2022

Kettner Crossing (aka Cedar & Kettner), located at 1590 Kettner Boulevard in San Diego, requested and is being recommended for a reservation of \$2,500,000 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.

Project Number CA-22-040

Project Name Kettner Crossing (aka Cedar & Kettner)
Site Address: 1590 Kettner Boulevard
San Diego, CA 92101 County: San Diego
Census Tract: 58.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$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 Corporation
Management Agent(s): BRIDGE Property Management Co.

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%

Information

Set-Aside: N/A
Housing Type: Seniors
Geographic Area: San Diego County
CTCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 30% AMI:	8	10%
At or Below 40% AMI:	10	15%
At or Below 50% AMI:	44	40%
At or Below 60% AMI:	1	0%

Unit Mix

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

<u>Unit Type & Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 SRO/Studio	30%	\$683
6 1 Bedroom	30%	\$732
1 2 Bedrooms	30%	\$878
5 SRO/Studio	40%	\$911
5 1 Bedroom	40%	\$976
18 1 Bedroom	50%	\$1,098
26 1 Bedroom	50%	\$1,220
1 2 Bedrooms	60%	\$1,756
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,134,093
Construction Costs	\$25,259,413
Rehabilitation Costs	\$0
Construction Contingency	\$1,707,196
Relocation	\$0
Architectural/Engineering	\$4,465,587
Const. Interest, Perm. Financing	\$3,237,298
Legal Fees	\$180,000
Reserves	\$347,939
Other Costs	\$2,716,475
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$45,248,001

Residential

Construction Cost Per Square Foot:	\$436
Per Unit Cost:	\$707,000
True Cash Per Unit Cost*:	\$637,550

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
US Bank	\$21,842,774	US Bank	\$1,931,000
Holland Partner Group Grant	\$6,557,000	Holland Partner Group Grant	\$6,557,000
County of San Diego IHTF	\$4,230,000	County of San Diego IHTF	\$4,700,000
City of San Diego	\$4,032,000	City of San Diego Loan	\$4,480,000
FHLB AHP	\$630,000	FHLB AHP	\$630,000
County of San Diego - Land Donation	\$4,290,000	County of San Diego Land Donation	\$4,290,000
RTCIP Fee Waiver**	\$154,776	RTCIP Fee Waiver**	\$154,776
Deferred Cost	\$1,479,178	Tax Credit Equity	\$22,505,225
Tax Credit Equity	\$2,032,273	TOTAL	\$45,248,001

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

**Regional Transportation Congestion Improvement Program

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,367,522
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,779
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.90021

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:	Seniors
Self-Score Final:	75.603%
CTCAC Final:	75.589%

Significant Information / Additional Conditions

Staff noted the hard cost contingency, as reflected in the project’s Application Sources & Uses table, exceeds 10% of the project’s total hard construction costs.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

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.

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 performance deposit and allocation 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.

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 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
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
Health & wellness services and programs, minimum 100 hrs per 100 bdrms	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.