

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2023 First Round

July 26, 2023

Serenade on 43rd, located at 4030 43rd Street in San Diego, requested and is being recommended for a reservation of \$2,118,713 in annual federal tax credits to finance the new construction & rehabilitation of 64 units of housing serving special needs tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Wakeland Housing and Development Corporation and is located in Senate District 39 and Assembly District 79.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the No Place Like Home (NPLH) & Infill Infrastructure Grant (IIG) programs of HCD.

Project Number CA-23-025

Project Name Serenade on 43rd
Site Address: 4030 43rd Street
San Diego, CA 92105
County: San Diego
Census Tract: 22.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,118,713	\$0
Recommended:	\$2,118,713	\$0

Applicant Information

Applicant: Serenade 43, LP
Contact: Rebecca Louie
Address: 1230 Columbia Street
San Diego, CA 92101
Phone: 619.677.2325
Email: rlouie@wakelandhdc.com

General Partner(s) / Principal Owner(s): Wakeland Serenade 43 LLC
TACHS 43rd Street Apartments, LLC

General Partner Type: Nonprofit

Parent Company(ies): Wakeland Housing and Development Corp
The Association for Community Housing Solutions

Developer: Wakeland Housing and Development Corporation

Investor/Consultant: California Housing Partnership

Management Agent(s): ConAm Management Corporation

Project Information

Construction Type: New Construction & Rehabilitation
 Total # Residential Buildings: 3
 Total # of Units: 65
 No. & % of Tax Credit Units: 64 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: CDBG / HUD Section 8 Project-based Vouchers (32 Units - 50%)

Information

Set-Aside: Nonprofit (Homeless assistance)
 Housing Type: Special Needs
 At least 20% 1-bedroom units and 10% larger than 1-bedroom units
 Type of Special Needs: Homeless
 Average Targeted Affordability of Special Needs/SRO Project Units: 34.32%
 % of Special Need Units: 32 units 50.00%
 Geographic Area: N/A
 CTCAC Project Analyst: Brett Andersen

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:	33	52%
At or Below 40% AMI:	1	2%
At or Below 60% AMI:	30	47%

Unit Mix

28 SRO/Studio Units
 25 1-Bedroom Units
 9 2-Bedroom Units
 3 3-Bedroom Units
65 Total Units

<u>Unit Type & Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
22 SRO/Studio	30%	\$683
1 SRO/Studio	40%	\$911
2 SRO/Studio	60%	\$911
3 SRO/Studio	60%	\$1,366
4 1 Bedroom	30%	\$732
3 1 Bedroom	60%	\$1,464
1 2 Bedrooms	30%	\$878
5 2 Bedrooms	60%	\$1,463
1 3 Bedrooms	30%	\$1,015
2 3 Bedrooms	60%	\$2,030
5 1 Bedroom	30%	\$732
11 1 Bedroom	60%	\$976
2 1 Bedroom	60%	\$1,145
2 2 Bedrooms	60%	\$1,463
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$6,923,660
Construction Costs	\$17,836,941
Rehabilitation Costs	\$3,444,572
Construction Contingency	\$1,741,445
Relocation	\$820,000
Architectural/Engineering	\$1,625,000
Const. Interest, Perm. Financing	\$2,497,822
Legal Fees	\$120,000
Reserves	\$714,167
Other Costs	\$1,638,283
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$39,561,890

Residential

Construction Cost Per Square Foot:	\$412
Per Unit Cost:	\$608,644
True Cash Per Unit Cost*:	\$508,644

Construction Financing

Source	Amount
Wells Fargo	\$17,413,011
HCD: IIG	\$3,699,360
County of San Diego: NPLH	\$5,792,809
City of San Diego: CDBG	\$6,500,000
SDHC ¹	\$1,900,000
Impact Fee Waiver	\$391,873
Deferred Costs	\$2,065,817
Tax Credit Equity	\$1,799,020

Permanent Financing

Source	Amount
CCRC	\$1,194,000
HCD: IIG	\$3,699,360
County of San Diego: NPLH	\$6,436,454
City of San Diego: CDBG	\$6,500,000
SDHC ¹	\$2,000,000
Impact Fee Waiver	\$391,873
Tax Credit Equity	\$19,340,203
TOTAL	\$39,561,890

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

¹San Diego Housing Commission

Determination of Credit Amount(s)

Requested Eligible Basis:	\$18,108,654
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$23,541,250
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,118,713
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.91283

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:	Special Needs
Self-Score Final:	84.599%
CTCAC Final:	84.599%

Significant Information / Additional Conditions

Per CTCAC Regulations Section 10325(g), all projects must provide one-bedroom units with at least 450 square feet of living space and two-bedroom units with at least 700 square feet of living space. These limits may be waived for rehabilitation projects, and this project has requested and received a waiver of the minimum square footage for 12 one-bedroom and 2 two-bedroom rehabilitated units. The new construction units will exceed the minimum square footage requirements.

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.

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 1/3 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/2 mile of public library	3	3	3
Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1/2 mile of medical clinic or hospital	3	3	3
Within 1/2 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
SPECIAL NEEDS HOUSING TYPE			
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 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.