

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
August 23, 2023**

Union Tower, located at 2312 F Avenue in National City, requested and is being recommended for a reservation of \$3,503,560 in annual federal tax credits to finance the new construction of 93 units of housing serving 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 78.

The project financing includes state funding from the Multifamily Housing Program (MHP), Infill Infrastructure Grant (IIG), and Veterans Housing and Homelessness Prevention (VHHP) programs of HCD.

**Project Number** CA-23-556

**Project Name** Union Tower  
Site Address: 2312 F Avenue  
National City, CA 91950  
County: San Diego  
Census Tract: 116.01

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$3,503,560	\$0
Recommended:	\$3,503,560	\$0

**Applicant Information**

Applicant: Wakeland Housing and Development Corporation  
Contact: David Hetherington  
Address: 1230 Columbia Street, Suite 950  
San Diego, CA 92101  
Phone: 619-677-2370  
Email: dhetherington@wakelandhdc.com

General Partner(s) or Principal Owner(s): Union Tower LLC  
NCPA Union Tower One, LLC

General Partner Type: Nonprofit  
Parent Company(ies): Wakeland Housing & Development Corp.  
NCPA Union Tower One, LLC

Developer: Wakeland Housing & Development Corporation  
Bond Issuer: CMFA  
Investor/Consultant: California Housing Partnership Corporation  
Management Agent: ConAm

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 2  
Total # of Units: 94  
No. / % of Low Income Units: 93 100.00%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt

**Information**

Housing Type: Large Family  
 Geographic Area: San Diego County  
 CTCAC Project Analyst: Franklin Cui

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	19	20%
40% AMI:	27	29%
50% AMI:	11	12%
60% AMI:	36	39%

**Unit Mix**

45 1-Bedroom Units
25 2-Bedroom Units
24 3-Bedroom Units
<b>94 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2022 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
9 1 Bedroom	30%	\$366
15 1 Bedroom	40%	\$366
3 1 Bedroom	40%	\$976
18 1 Bedroom	60%	\$1,464
9 2 Bedrooms	40%	\$1,171
1 2 Bedrooms	50%	\$1,463
9 2 Bedrooms	60%	\$1,756
5 2 Bedrooms	30%	\$878
5 3 Bedrooms	30%	\$1,015
10 3 Bedrooms	50%	\$1,691
9 3 Bedrooms	60%	\$2,030
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$450,000
Construction Costs	\$48,626,853
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,002,785
Soft Cost Contingency	\$300,000
Relocation	\$0
Architectural/Engineering	\$2,584,000
Const. Interest, Perm. Financing	\$5,776,639
Legal Fees	\$68,916
Reserves	\$4,163,501
Other Costs	\$1,744,050
Developer Fee	\$8,788,194
Commercial Costs	\$0
<b>Total</b>	<b>\$74,504,938</b>

## Residential

Construction Cost Per Square Foot:	\$705
Per Unit Cost:	\$792,606
True Cash Per Unit Cost*:	\$722,519

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Merchants Capital	\$35,823,312	Merchants Capital	\$7,125,000
Merchants Capital Taxable	\$7,819,322	HCD IIG	\$5,430,084
HCD Infill Infrastructure Grant (IIG)	\$5,430,084	HCD MHP	\$4,524,400
County of San Diego	\$3,325,000	HCD VHHP	\$7,003,410
National City Housing Authority	\$7,200,000	County of San Diego	\$3,500,000
Deferred Costs	\$5,307,041	National City Housing Authority	\$8,000,000
Deferred Developer Fee	\$6,588,194	Deferred Developer Fee	\$6,588,194
Tax Credit Equity	\$3,011,985	Tax Credit Equity	\$32,333,850
		<b>TOTAL</b>	<b>\$74,504,938</b>

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

### Determination of Credit Amount(s)

Requested Eligible Basis:	\$67,376,155
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$87,589,002
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,503,560
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,788,194
Investor/Consultant:	CA Housing Partnership Corp.
Federal Tax Credit Factor:	\$0.92289

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:

Staff noted a per unit cost of \$722,519. The applicant noted that the high per unit cost is attributed to Type I and Type II construction conditions, increased contractor costs with the San Diego County Building Trades Council (SDCBTC), and HCD prevailing wage requirements.

**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.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).