

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 6, 2023

Humble Heart, located at 4341 El Cajon Boulevard in San Diego, requested and is being recommended for a reservation of \$3,219,230 in annual federal tax credits to finance the new construction of 72 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 and Development Corporation and will be 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.

Project Number CA-23-648

Project Name Humble Heart
 Site Address: 4341 El Cajon Boulevard
 San Diego, CA 92105
 County: San Diego
 Census Tract: 22.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,219,230	\$0
Recommended:	\$3,219,230	\$0

Applicant Information

Applicant: Wakeland Housing and Development Corporation
 Contact: Rebecca Louie
 Address: 1230 Columbia Street
 San Diego, CA 92101
 Phone: 619.677.2325
 Email: rlouie@wakelandhdc.com

General Partner(s) or Principal Owner(s): Wakeland Humble Heart LLC
 General Partner Type: Nonprofit
 Parent Company(ies): Wakeland Housing and Development Corporation
 Developer: Wakeland Housing and Development Corporation
 Bond Issuer: CalHFA
 Investor/Consultant: California Housing Partnership Corporation
 Management Agent: ConAm Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 73
 No. / % of Low Income Units: 72 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (33 Units - 46%)

Information

Housing Type: Large Family
 Geographic Area: San Diego County
 CTCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	15	21%
50% AMI:	27	38%
60% AMI:	30	42%

Unit Mix

4 SRO/Studio Units
10 1-Bedroom Units
14 2-Bedroom Units
20 3-Bedroom Units
25 4-Bedroom Units
73 Total Units

Unit Type & Number	2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
1 SRO/Studio	50%	\$1,206
3 SRO/Studio	60%	\$1,447
1 1 Bedroom	30%	\$775
3 1 Bedroom	50%	\$1,292
6 1 Bedroom	60%	\$1,551
3 2 Bedrooms	30%	\$930
5 2 Bedrooms	50%	\$1,551
5 2 Bedrooms	60%	\$1,861
6 3 Bedrooms	30%	\$1,075
10 3 Bedrooms	50%	\$1,791
4 3 Bedrooms	60%	\$2,150
5 4 Bedrooms	30%	\$1,199
8 4 Bedrooms	50%	\$1,998
12 4 Bedrooms	60%	\$2,398
1 2 Bedrooms	Manager Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$344,639
Construction Costs	\$41,212,805
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$4,128,173
Soft Cost Contingency	\$251,519
Relocation	\$0
Architectural/Engineering	\$1,686,763
Const. Interest, Perm. Financing	\$7,686,159
Legal Fees	\$147,703
Reserves	\$387,547
Other Costs	\$2,755,761
Developer Fee	\$8,200,189
Commercial Costs	\$900,045
Total	\$67,701,303

Residential

Construction Cost Per Square Foot:	\$556
Per Unit Cost:	\$913,365
True Cash Per Unit Cost*:	\$832,416

Construction Financing

Source	Amount
Banner Bank	\$34,769,000
Banner Bank - Recycled Bonds	\$5,830,642
Price Philanthropies - Loan	\$16,200,000
Deferred Interest	\$672,523
Deferred Costs	\$1,353,505
Deferred Developer Fee	\$6,000,189
Tax Credit Equity	\$2,875,444

Permanent Financing

Source	Amount
Banner Bank	\$12,339,000
Price Philanthropies - Loan	\$18,000,000
Deferred Interest	\$672,523
Deferred Developer Fee	\$6,000,189
Tax Credit Equity	\$30,689,591
TOTAL	\$67,701,303

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$61,908,275
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$80,480,758
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,219,230
Approved Developer Fee in Project Cost:	\$8,200,189
Approved Developer Fee in Eligible Basis:	\$8,074,593
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.95332

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

This project's per unit cost is currently estimated at \$832,416. Factors affecting this include the increase in financing cost with rising interest rates, the rising cost of construction material and labor, costs associated with an infill project with a significant commercial component, costs required by the project's Type III over Type I podium construction type, and costs related to preservation of the building's historic facade.

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).