CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
February 21, 2007

Project Number CA-2006-923

Project Name 16th and Market Apartments
Address: 1550 Market Street
San Diego, CA 92101 County: San Diego

Applicant Information
Applicant: S.V.D.P. Management, Inc.
Contact Mathew Packard
Address: 3350 E Street
San Diego, CA 92102
Phone: (619) 446-2126 Fax: (619) 446-2129
Sponsors Type: Nonprofit

Bond Information
Issuer: Housing Authority of the City of San Diego
Expected Date of Issuance: February 2007
Credit Enhancement: N/A

Eligible Basis
Actual: $59,039,305
Requested: $49,236,037
Maximum Permitted: $49,236,037

Extra Feature Adjustments:
Required to Pay Prevailing Wages: 20% ☒
Parking Beneath Residential Units: 7% ☒
55-Year Use/Rent Restriction Adjustment: 80% ☒
3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features: 4% ☒
Local Development Impact Fees: ☒

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,304,247	$0
Recommended:	$2,304,247	$0

Project Information
Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: Yes
Total # of Units: 136
Total # Residential Buildings: 1

Income/Rent Targeting
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 135 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 109
Number of Units @ or below 60% of area median income: 26

Unit Type & Number	2007 Rents % of Area Median Income	Proposed Rent (including utilities)
10 One-Bedroom	30%	$388
6 One-Bedroom	40%	$517
16 One-Bedroom	50%	$646
8 One-Bedroom	60%	$776
13 Two-Bedroom	30%	$465
8 Two-Bedroom	40%	$621
20 Two-Bedroom	50%	$776
9 Two-Bedroom	60%	$931
11 Three-Bedroom	30%	$538
7 Three-Bedroom	40%	$717
18 Three-Bedroom	50%	$896
9 Three-Bedroom	60%	$1,076
1 Two-Bedroom	Manager's Unit	$904

The general partner or principal owner is S.V.D.P. Management, Inc.

The project developer is S.V.D.P. Management, Inc.

The management services will be provided by St. Vincent De Paul Village.

The market analysis was provided by Novogradac & Company, LLC.

The Local Reviewing Agency, the San Diego Housing Commission, has completed a site review of this project and strongly supports this project.

Project Financing

Estimated Total Project Cost: $70,532,200 Per Unit Cost: $504,802 Construction Cost Per Sq. Foot: $278

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Ballpark Village, LLC	$12,585,553	Ballpark Village, LLC	$19,200,000
AHP	$1,000,000	HCD - MHP	$10,000,000
S.V.D.P. Management, Inc.	$8,000,000	AHP	$1,000,000
Construction Loan	$34,783,102	S.V.D.P. Land/Def. Fees/Gap	$14,522,826
Investor Equity	$11,404,880	Bonds	$2,999,615
		Investor Equity	$22,809,759
		TOTAL	**$70,532,200**

Determination of Credit Amount(s)

Requested Eligible Basis:	$49,236,037
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	$64,006,848
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	$2,304,247
Approved Developer Fee:	$2,500,000
Tax Credit Factor	$.98990

Applicant requests and staff recommends annual federal credits of $2,304,247 based on a qualified basis of $64,006,848 and a funding shortfall of $22,809,759.

Cost Analysis and Line Item Review
The requested eligible basis $49,236,037 is at TCAC's adjusted threshold basis limit $49,236,037. The basis limit includes the adjustment for extraordinary features for the 80% adjustment for the 55-year use/affordability restriction for projects that have more than 50% tax-credit units and are located in a DDA/QCT, projects that are required to pay state or federal prevailing wages, projects that are required to provide parking beneath the residential units, local development impact fees, the adjustment for projects with 3 or more energy efficiency/resource conservation/indoor air quality items, for exceeding Title 24 by at least 15%, using natural linoleum/ceramic tile/natural rubber for all kitchens and bathrooms where no VOC adhesives or backing is used, and Installing bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all living rooms or 50% or all common areas. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitation.

Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one.

Staff has calculated federal tax credits based on 3.60% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

Special Issues/Other Significant Information: 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.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

Recommendation: Staff recommends that the Committee make a reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal/Annual	State/Total
$2,304,247	**$0**

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.

TCAC makes the 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 will be permitted without the express approval of TCAC.

The applicant must pay TCAC an allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

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 TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credits when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC 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 TCAC in its final feasibility analysis.

Additional Conditions: None

Project Analyst: Stephenie Alstrom