

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2010 First Round

June 9, 2010

Project Number CA-2010-008

Project Name Vista Grande Apartments
Site Address: 5391-5383 & 5411-5425 Santa Margarita Street
San Diego, CA 92114 County: San Diego
Census Tract: 31.110

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$769,340	\$0
Recommended:	\$769,340	\$0

Applicant Information

Applicant: Wakeland Housing & Development Corporation
Contact: Kenneth Sauder
Address: 1230 Columbia Street # 950
San Diego CA 92101
Phone: (619) 677-2320 **Fax:** (619) 235-5386
Email: ksauder@wakelandhdc.com

General partner(s) or principal owner(s): Wakeland Vista Grande, LLC
General Partner Type: For Profit
Developer: Wakeland Housing & Development Corporation
Investor/Consultant: NEF
Management Agent: ConAm Management Corporation

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 9
Total # of Units: 49
No. & % of Tax Credit Units: 48 100%
Federal Set-Aside Elected: 40%/60% Test
Federal Subsidy: HOME
Affordability Breakdown by % (Lowest Income Points):
30% AMI: 10 %
45% AMI: 25 %
50% AMI: 40 %

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: San Diego County
TCAC Project Analyst: DC Navarrette

Unit Mix

3	2-Bedroom Units
1	3-Bedroom Units
45	4-Bedroom Units
<u>49</u>	Total Units

<u>Unit Type & Number</u>	<u>2009 Rents Targeted % of Area Median Income</u>	<u>2009 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 2 Bedrooms	30%	30%	\$557
4 4 Bedrooms	30%	30%	\$718
1 2 Bedrooms	45%	45%	\$835
11 4 Bedrooms	45%	39%	\$944
1 3 Bedrooms	50%	39%	\$847
16 4 Bedrooms	50%	39%	\$944
14 4 Bedrooms	50%	50%	\$1,197
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$1,250

Project Financing

Estimated Total Project Cost:	\$14,088,898	Construction Cost Per Square Foot:	\$69
		Per Unit Cost:	\$287,529

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Wells Fargo	\$7,814,705	CCRC	\$2,870,639
San Diego Housing Commission (Lease)	\$845,000	San Diego Housing Commission (Loan)	\$3,812,000
San Diego Housing Commission (Loan)	\$2,967,000	SEDC/Redevelopment Agency	\$781,073
Southeastern Development Corporation	\$781,073	Project Income	\$319,000
Tax Credit Equity	\$604,762	Deferred Developer Fee	\$503,571
		Tax Credit Equity	\$5,802,615
		TOTAL	\$14,088,898

Determination of Credit Amount(s)

Requested Eligible Basis:	\$6,575,556
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$8,548,223
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$769,340
Approved Developer Fee in Project Cost	\$1,142,000
Approved Developer Fee in Eligible Basis:	\$1,130,000
Investor/Consultant:	NEF
Federal Tax Credit Factor:	\$0.75423

Per Regulation Section 10322(i)(4)(A), 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, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$6,575,556
Actual Eligible Basis:	\$12,774,443
Unadjusted Threshold Basis Limit:	\$14,347,138
Total Adjusted Threshold Basis Limit:	\$14,347,138

Adjustments to Basis Limit: None

Tie-Breaker Information

First:	Large Family
Second:	85.929%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. 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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC’s financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information: Staff noted the distribution of the developer fee cost in basis between rehabilitation basis and acquisition basis was in excess of the limit on the rehabilitation basis side required by regulation. The acquisition and rehabilitation basis were adjusted accordingly in order to meet the limits required by regulation. The change did not affect the amount of credits recommended.

Legal Status: Staff has reviewed the Applicant’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency:

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

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

Federal Tax Credits/Annual	State Tax Credits/Total
\$769,340	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

TCAC 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 TCAC.

The applicant must pay TCAC a performance deposit and 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 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 TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit 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.

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 ten 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)(6) 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.

Additional Conditions: None

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	32	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit stop, service every 30 minutes in rush hours	6	6	6
Within ½ mile of public library	2	2	2
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	1	1	1
Service Amenities	10	10	10
Adult educational classes, minimum instruction of 60 hours/year	5	0	5
Adult educational classes, minimum instruction of 120 hours/year	10	10	0
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	8	8	8
Rehabilitation, not subject to Title 24, w/75% fluorescent or comparable	2	2	2
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
No-VOC interior paint	1	1	1
Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
State Credit Substitution	2	2	2
Total Points	146	146	146

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.