

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2024 Second Round

October 2, 2024

Rose Creek Village, located at 2662 Garnet Avenue in San Diego, requested and is being recommended for a reservation of \$2,340,177 in annual federal tax credits to finance the new construction of 59 units of housing serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by National Community Renaissance of California and will be located in Senate District 38 and Assembly District 77.

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) and Infill Infrastructure Grant (IIG) programs of HCD.

Project Number CA-24-147

Project Name Rose Creek Village
Site Address: 2662 Garnet Avenue
San Diego, CA 92109
County: San Diego
Census Tract: 78.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,340,177	\$0
Recommended:	\$2,340,177	\$0

Applicant Information

Applicant: Rose Creek Village LP
Contact: Ashley Wright
Address: 9692 Haven Avenue, Suite 100
Rancho Cucamonga, CA 91730
Phone: 909-204-3429
Email: awright@nationalcore.org

General Partner(s) / Principal Owner(s): NCRC Rose Creek GP LLC
SDCHC Rose Creek LLC
General Partner Type: Nonprofit
Parent Company(ies): National Community Renaissance of California
San Diego Community Housing Corporation
Developer: National Community Renaissance of California
Investor/Consultant: Red Stone Equity Partners
Management Agent(s): National Community Renaissance of California

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 60
No. & % of Tax Credit Units: 59 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: CDBG / HUD Section 8 Project-based Vouchers (29 Units - 49%) / HUD VASH Section 8 Project-based Vouchers (18 Units - 31%)

Information

Set-Aside: N/A
Housing Type: SRO
Geographic Area: San Diego County
CTCAC Project Analyst: Nick White

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:	40	65%
At or Below 60% AMI:	19	30%

Unit Mix

59 SRO/Studio Units
1 2-Bedroom Units
60 Total Units

<u>Unit Type & Number</u>	<u>2024 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
18 SRO/Studio	30%	\$795
22 SRO/Studio	30%	\$795
7 SRO/Studio	60%	\$1,326
12 SRO/Studio	60%	\$1,326
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,888,852
Construction Costs	\$20,866,800
Rehabilitation Costs	\$0
Construction Contingency	\$1,350,063
Relocation	\$0
Architectural/Engineering	\$1,134,680
Const. Interest, Perm. Financing	\$3,598,177
Legal Fees	\$255,000
Reserves	\$732,670
Other Costs	\$2,347,647
Developer Fee	\$2,800,000
Commercial Costs	\$0
Total	\$37,973,889

Residential

Construction Cost Per Square Foot:	\$573
Per Unit Cost:	\$632,898
True Cash Per Unit Cost*:	\$625,429

Construction Financing

Source	Amount
JPMorgan Chase	\$23,199,090
HCD: IIG	\$3,254,012
County of San Diego: NPLH	\$3,336,471
City of San Diego: CDBG ¹	\$3,600,000
Fee Waivers	\$448,121
Deferred Costs	\$2,257,670
Tax Credit Equity	\$1,878,525

Permanent Financing

Source	Amount
JPMorgan Chase	\$4,000,261
HCD: IIG	\$3,615,569
County of San Diego: NPLH	\$3,707,190
City of San Diego: CDBG ¹	\$4,000,000
SDHC ²	\$2,000,000
Fee Waivers	\$448,121
Tax Credit Equity	\$20,202,748
TOTAL	\$37,973,889

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

¹Community Development Block Grant

²San Diego Housing Commission

Determination of Credit Amount(s)

Requested Eligible Basis:	\$20,002,209
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$26,002,872
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,340,177
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,800,000
Investor/Consultant:	Red Stone Equity Partners
Federal Tax Credit Factor:	\$0.86330

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:	SRO
Self-Score Final:	71.967%
CTCAC Final:	66.354%

Significant Information / Additional Conditions

The proposed rent does not include a utility allowance. The owner will pay for all utilities.

The project will restrict 18 (31%) of the units to serve special needs tenants, consisting of veterans experiencing homelessness.

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 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 ½ mile of transit, service every 30 minutes in rush hours	5	5	5
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1 mile of medical clinic or hospital	2	2	2
Within 1 mile of a pharmacy	1	1	1
Service Amenities	10	10	10
SPECIAL NEEDS, SRO HOUSING TYPES			
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
Smoke Free Residence	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.