

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2023 Second Round

November 8, 2023

Iris Avenue Trolley Apartments, located at 1507 Howard Avenue in San Diego, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits to finance the new construction of 63 units of housing serving families with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by Eden Housing, Inc. and will be located in Senate District 18 and Assembly District 80.

Project Number CA-23-109

Project Name Iris Avenue Trolley Apartments
Site Address: 1507 Howard Avenue
San Diego, CA 92173
County: San Diego
Census Tract: 101.06

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$0

Applicant Information

Applicant: Howard Avenue Investors, L.P.
Contact: Andrea Osgood
Address: 22645 Grand Street
Hayward, CA 94541
Phone: 510-247-8103
Email: aosgood@edenhousing.org

General Partner(s) / Principal Owner(s): Eden Trolley I LLC
General Partner Type: Nonprofit
Parent Company(ies): Eden Housing, Inc.
Developer: Eden Housing, Inc.
Investor/Consultant: California Housing Partnership Corporation
Management Agent(s): Eden Housing Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 64
No. & % of Tax Credit Units: 63 100%
Federal Set-Aside Elected: 40%/60%

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: San Diego County
CTCAC Project Analyst: Franklin Cui

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:	23	35%
At or Below 40% AMI:	12	15%
At or Below 50% AMI:	28	40%

Unit Mix

30 1-Bedroom Units
18 2-Bedroom Units
<u>16 3-Bedroom Units</u>
64 Total Units

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
11 1 Bedroom	30%	\$775
6 2 Bedrooms	30%	\$930
6 3 Bedrooms	30%	\$1,075
6 1 Bedroom	40%	\$1,034
3 2 Bedrooms	40%	\$1,241
3 3 Bedrooms	40%	\$1,433
13 1 Bedroom	50%	\$1,292
8 2 Bedrooms	50%	\$1,551
7 3 Bedrooms	50%	\$1,791
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,276,503
Construction Costs	\$24,373,289
Rehabilitation Costs	\$0
Construction Contingency	\$810,925
Relocation	\$0
Architectural/Engineering	\$1,281,710
Const. Interest, Perm. Financing	\$3,169,763
Legal Fees	\$100,000
Reserves	\$379,088
Other Costs	\$2,235,142
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$38,826,420

Residential

Construction Cost Per Square Foot:	\$523
Per Unit Cost:	\$606,663
True Cash Per Unit Cost*:	\$597,283

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Chase	\$19,616,306	Chase	\$2,233,000
County of San Diego	\$2,700,000	County of San Diego	\$3,000,000
San Diego (SD) Housing Commission	\$4,423,680	SD Housing Commission	\$4,915,200
City of San Diego	\$4,309,880	City of San Diego	\$4,788,755
Impact Fee Waiver	\$600,315	Impact Fee Waiver	\$600,315
Tax Credit Equity	\$5,665,912	Tax Credit Equity	\$23,289,150
Deferred Costs	\$1,510,327	TOTAL	\$38,826,420

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,367,522
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,779
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.93157

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:	Large Family
Self-Score Final:	59.148%
CTCAC Final:	59.148%

Significant Information / Additional Conditions

The applicant's estimate of contractor profit, overhead and general requirement costs exceeds CTCAC limit of 14% based on the specific line item costs. However, the estimated costs are within the limits if the hard cost contingency is included in the calculation. The applicant is cautioned that at final review, prior to the issuance of the IRS 8609 forms, any costs or eligible basis that exceeds the limits will not be allowed.

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 points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) 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.

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 1/8 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1 mile of public library	2	2	2
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1/2 mile of a public middle school	3	3	3
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 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
State Credit Substitution	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.