

Updated Developer Fees for Multifamily Loans and Bonds

San Diego Housing Commission

March 10, 2017

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KEYSER MARSTON ASSOCIATES.

Developer Fee Survey, 2015

Median Fee Per Unit

	San Diego Housing Commission	Other San Diego County	Other California
9% Tax Credits	\$21,800	\$24,200	\$30,200
4% Tax Credits	\$23,800	\$31,000	----



Developer Fee Limitations - Other Jurisdictions

	Civic San Diego	Los Angeles	Napa
9% Tax Credits	Lesser of 15% of eligible basis or \$1.4 M. On case-by-case basis, fees in excess of \$1.4 M (up to \$2.0 M) shall be deferred or contributed as equity	\$1.4 M	\$1.4 M
4% Tax Credits	15% of eligible basis. All fees in excess of \$2.5 M, plus \$10,000 per affordable unit deferred or contributed as equity	\$1.4 M	\$1.4 M
No Tax Credits	3% - 5% of Direct Costs	----	1-10 units = \$25,000/unit 11-30 units = \$15,000/unit 31 + units = \$12,000/unit

Developer Fee Limitations - Other Jurisdictions

	Sacramento	San Francisco		San Jose
9% Tax Credits	TCAC Maximum	New Construction:	TCAC Maximum	Amount allowed in eligible basis
		Rehabilitation @ > \$50,000/unit:	TCAC Maximum	
		Rehabilitation @ < \$50,000/unit:	50% of TCAC Maximum	
4% Tax Credits	TCAC Maximum	New Construction:	Lesser of TCAC Max or \$2.0 M + \$10,000/unit over 100 units	Amount allowed in eligible basis
		Rehabilitation @ > \$50,000/unit:	Lesser of TCAC Max or \$2.0 M + \$10,000/unit over 100 units	
		Rehabilitation @ < \$50,000/unit:	Lesser of TCAC Max or \$1.0 M + \$10,000/unit over 100 units	

Comparison of Existing vs. Proposed Guidelines

Total Developer Fee before Deferral/Contribution

Project	Number of Units	Tax Credits	SDHC Existing Guidelines	SDHC Proposed Guidelines	Difference	
					Total	Per Unit
Encanto Village	66	9%	\$1.4 M	\$1.4 M	\$0.0 M	\$0
North Park Seniors	76	4%	\$1.4 M	\$3.0 M	\$1.6 M	\$20,400
The Lofts at Normal Heights	53	4%	\$1.4 M	\$2.0 M	\$0.6 M	\$10,400
Fairmount Family	80	4%	\$1.4 M	\$3.2 M	\$1.8 M	\$22,700
Twain Veterans	80	4%	\$1.4 M	\$2.7 M	\$1.3 M	\$16,000
Zephyr (Acq/Rehab)	85	9%	\$1.4 M	\$1.4 M	\$0.0 M	\$0
Post 310	43	4%	\$1.4 M	\$1.8 M	\$0.4 M	\$8,500
Total	483		\$9.8 M	\$15.4 M	\$5.6 M	\$11,500

Comparison of Existing vs. Proposed Guidelines

Tax Credit Equity

Project	Number of Units	Tax Credits	SDHC Existing Guidelines	SDHC Proposed Guidelines	Difference	
					Total	Per Unit
Encanto Village	66	9%	\$12.6 M	\$12.6 M	\$0.0 M	\$0
North Park Seniors	76	4%	\$10.5 M	\$11.3 M	\$0.8 M	\$10,200
The Lofts at Normal Heights	53	4%	\$6.3 M	\$6.5 M	\$0.2 M	\$4,600
Fairmount Family	80	4%	\$9.3 M	\$10.1 M	\$0.7 M	\$9,300
Twain Veterans	80	4%	\$9.6 M	\$10.3 M	\$0.6 M	\$8,000
Zephyr (Acq/Rehab)	85	9%	\$16.7 M	\$16.7 M	\$0.0 M	\$0
Post 310	43	4%	\$5.5 M	\$5.7 M	\$0.2 M	\$3,600
Total	483		\$70.6 M	\$73.1 M	\$2.6 M	\$5,300

Comparison of Existing vs. Proposed Guidelines

SDHC Financing Gap

Project	Number of Units	Tax Credits	SDHC Existing Guidelines	SDHC Proposed Guidelines	Difference	
					Total	Per Unit
Encanto Village	66	9%	\$7.3 M	\$7.3 M	\$0.0 M	\$0
North Park Seniors	76	4%	\$8.0 M	\$8.3 M	\$0.3 M	\$4,300
The Lofts at Normal Heights	53	4%	\$5.4 M	\$5.2 M	(\$0.2 M)	(\$4,600)
Fairmount Family	80	4%	\$9.9 M	\$10.3 M	\$0.4 M	\$4,500
Twain Veterans	80	4%	\$5.6 M	\$4.9 M	(\$0.6 M)	(\$8,000)
Zephyr (Acq/Rehab)	85	9%	\$3.0 M	\$3.0 M	\$0.0 M	\$0
Post 310	43	4%	\$3.3 M	\$3.1 M	(\$0.2 M)	(\$3,600)
Total	483		\$42.5 M	\$42.1 M	(\$0.4 M)	(\$700)

Estimate of Developer Fee and Financing Gap

Fairmount Family

<ul style="list-style-type: none"> • 80 Units • New Construction • 4% Tax Credits 	SDHC Existing Guidelines	SDHC Proposed Guidelines
I. Developer Fee before Deferral Per Unit % of Eligible Basis	\$1.4 M \$17,500 6.5%	\$3.2 M \$25,000 15.0%
II. Upfront Fee	\$1.4 M	\$2.5 M
III. Deferred Fee / Equity Contribution	\$0	\$0.7 M
IV. Tax Credit Equity	\$9.3 M	\$10.1 M
V. SDHC Financing Gap	\$9.9 M	\$10.3 M

Estimate of Developer Fee and Financing Gap

Twain Veterans

<ul style="list-style-type: none"> • 80 Units • New Construction • 4% Tax Credits 	SDHC Existing Guidelines	SDHC Proposed Guidelines
I. Developer Fee before Deferral Per Unit % of Eligible Basis	\$1.4 M \$17,500 7.8%	\$2.7 M \$25,000 15.0%
II. Upfront Fee	\$1.4 M	\$1.4 M
III. Deferred Fee / Equity Contribution	\$0	\$1.3 M
IV. Tax Credit Equity	\$9.6 M	\$10.3 M
V. SDHC Financing Gap	\$5.6 M	\$4.9 M

Estimate of Developer Fee and Financing Gap

New Construction Prototype

<ul style="list-style-type: none"> • 150 Units • New Construction • 4% Tax Credits 	SDHC Existing Guidelines	SDHC Proposed Guidelines
I. Developer Fee before Deferral Per Unit % of Eligible Basis	\$1.4 M \$9,300 3.4%	\$6.2 M \$41,100 15.0%
II. Upfront Fee	\$1.4 M	\$3.0 M
III. Deferred Fee / Equity Contribution	\$0	\$3.2 M
IV. Tax Credit Equity	\$18.7 M	\$20.8 M
V. SDHC Financing Gap	\$16.9 M	\$16.4 M

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