

## CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Cost Containment and the LIHTC Program  
July 2011 Public Forums

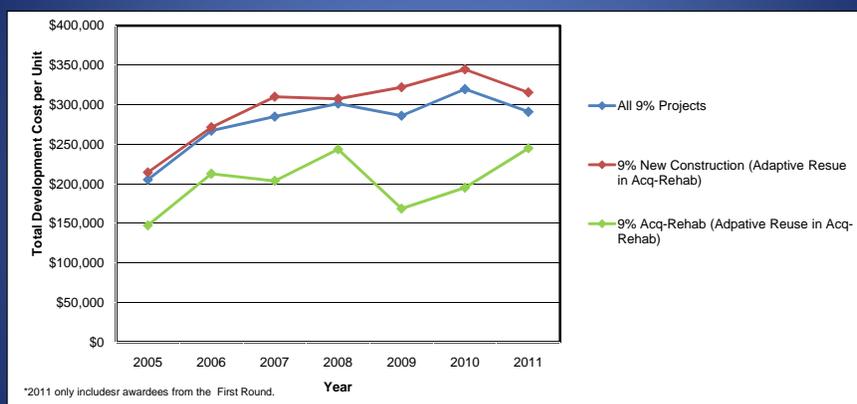
### Agenda

- Purpose of Forum
- Problem Statement and Goal
- Presentation and discussion of Costs per Unit in 2010 and 2011
  - Historical cost data
  - Line item data
  - Local issues
  - Other metrics (cost per unit vs. cost per square foot)
- Discussion of moving forward to meet the goal
- Closing comments

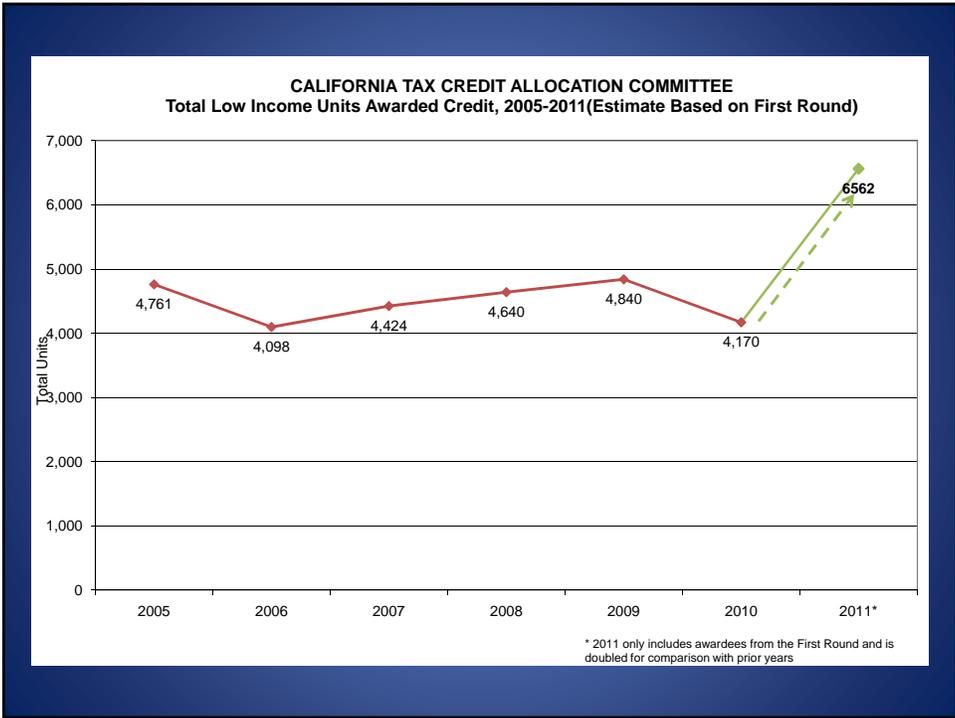
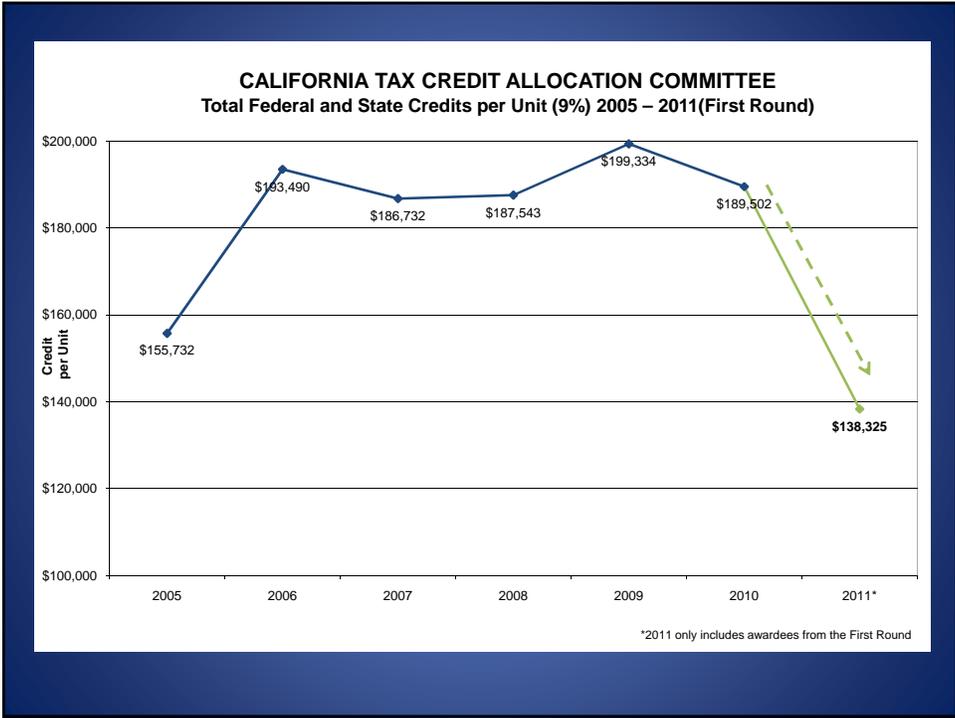
## Problem Statement and Goal

Occasionally, TCAC and other funding sources make awards to extremely costly projects. TCAC-awarded projects generally may be more costly than necessary, fostering the public perception that affordable housing is too expensive. Effective in 2012, TCAC reservations would go only to cost-reasonable projects, and outlier-cost projects would no longer be awarded by TCAC or other funders.

Average Per Unit Costs: 2005 - 2011 (First Round)



Note: Historically, TCAC has used "total development cost" when calculating per unit cost. To accurately depict all six years together, the above chart is based on total development cost, which includes commercial cost.



### YEAR TO YEAR COMPARISON : 2010 to 2011 First Round

	2010 Results	2011 First Round Results
<b>Number of Projects</b>	75	53
<b>Total Units (includes manager units)</b>	4,245	3,353
<b>Avg. Residential Cost per Unit</b>	\$311,772	\$286,664
<b>Avg. Credit per Unit</b>	\$188,370	\$138,325
<b>Avg. Public Funds per Project</b>	\$7,484,612	\$8,722,569
<b>Avg. Public Funds per Unit</b>	\$132,237	\$137,875

Public Funds for 2010 and 2011 are based on the Requested Public Funds Points Section of the awarded applications.

### 2011 FIRST ROUND DATA (AWARDEES)

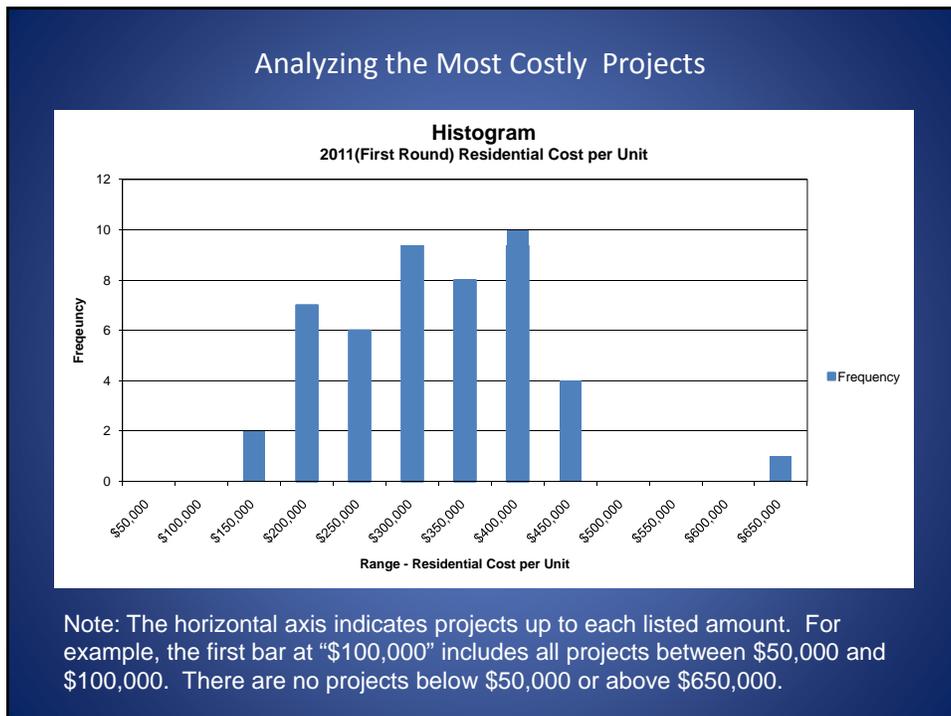
	ALL	NEW CONSTRUCTION	ACQUISITION- REHAB
<b>NUMBER OF PROJECTS</b>	53	37	16
<b>AVG. COST PER UNIT* (RESIDENTIAL COST)</b>	\$286,664	\$309,889	\$241,175
<b>TOTAL UNITS</b>	3,353	2,189	1,164
<b>AVG. UNITS</b>	63	59	73
<b>HIGHEST RESIDENTIAL PER UNIT COST</b>	\$614,849	\$614,849	\$440,655
<b>LOWEST RESIDENTIAL PER UNIT COST</b>	\$95,192	\$150,089	\$95,192

\*Average residential cost per unit reflects applications as applicants self identified- adaptive reuse projects self reported as acquisition-rehabilitation.

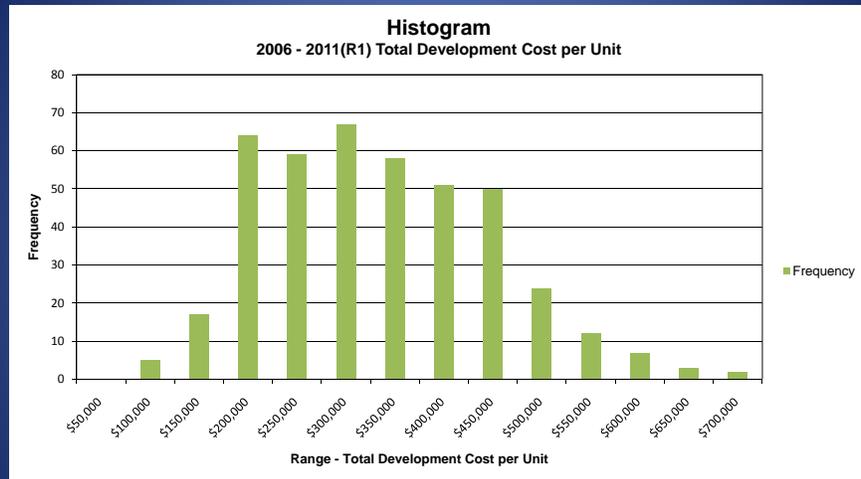
### 2011 First Round Residential per Unit Cost by Region

	ALL	NEW CONSTRUCTION
SAN FRANCISCO	\$351,774	\$379,720
CENTRAL COAST	\$214,826	\$428,609
CAPITAL & NORTHERN	\$259,002	\$259,002
SOUTH & WEST BAY	\$473,446	\$598,128
ORANGE COUNTY	\$336,291	\$337,860
INLAND EMPIRE	\$288,473	\$288,473
SAN DIEGO COUNTY	\$346,780	\$344,647
NORTH & EAST BAY	\$274,710	\$350,232
CENTRAL REGION	\$232,630	\$237,870
LOS ANGELES COUNTY	\$356,880	\$333,715
RURAL	\$209,395	\$255,549

} MOST COSTLY REGION
 } LEAST COSTLY REGIONS



### Analyzing the Most Costly Projects



Note: Historically, TCAC has used “total development cost” when calculating per unit cost. To accurately depict all six years together, the above histogram is based on total development cost, which includes commercial cost.

### Development Budget Line Item Analysis

<b>Land Cost</b>	◀
<b>Acquisition Cost</b>	
Off-Site Improvements	◀
<b>Total Rehab Cost</b>	
<b>Total New Construction Cost</b>	
Site Work	◀
Structures	◀
<b>Total Architectural Cost</b>	◀
<b>Total Survey and Engineering</b>	
<b>Total Construction Interest and Fees</b>	
<b>Total Perm Financing Cost</b>	
<b>Total Attorney Cost</b>	
<b>Total Reserve Cost</b>	
<b>Total Appraisal Cost</b>	
<b>Total Contingency Cost</b>	◀
<b>Total Other Cost</b>	
Local Development Impact Fees	◀
<b>Total Developer Cost</b>	
<b>Total Residential Project Cost</b>	

TCAC has begun by analyzing items marked with ◀

## Discussion

The Local Component

## Discussion

Metrics