

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

April 28, 2021

Columba Apartments (Fka Millenia II), located at Transit Guideway in between Orion Avenue & Solstice Avenue in Chula Vista, requested and is being recommended for a reservation of \$4,830,308 in annual federal tax credits and \$4,999,996 in total state tax credits to finance the new construction of 198 units of housing serving large families with rents affordable to households earning 30-70% of area median income (AMI). The project will be developed by Chelsea Investment Corporation and will be located in Senate District 40 and Assembly District 79.

Project Number CA-21-502

Project Name Columba Apartments (fka Millenia II)
Site Address: Transit Guide Way in between Orion Avenue & Solstice Avenue
Chula Vista, CA 91915 County: San Diego
Census Tract: 133.14

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$4,830,308	\$4,999,996
Recommended:	\$4,830,308	\$4,999,996

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Millenia II CIC, LP
Contact: Robert W. Laing
Address: 16935 West Bernardo Drive, Suite 238
San Diego, CA 92127
Phone: 858-675-0506
Email: robertlaing@pswcdc.org

General Partner(s) or Principal Owner(s): CIC Millenia II, LLC
Pacific Southwest Community Development Corp.
General Partner Type: Joint Venture
Parent Company(ies): Chelsea Investment Corporation
Pacific Southwest Community Development Corp.
Developer: Chelsea Investment Corporation
Investor/Consultant: Raymond James
Management Agent: CIC Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 2
Total # of Units: 200
No. / % of Low Income Units: 198 100.00%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Tax-Exempt

Bond Information

Issuer: Chula Vista Housing Authority
Expected Date of Issuance: 10/2021

Information

Housing Type: Large Family
Geographic Area: San Diego County
TCAC Project Analyst: Nick White

55-Year Use / Affordability

<u>Aggregate Targeting</u> <u>Number of Units</u>	<u>Percentage of</u> <u>Affordable Units</u>
30% AMI: 21	11%
50% AMI: 21	11%
60% AMI: 76	38%
70% AMI: 80	40%

Unit Mix

56	1-Bedroom Units
86	2-Bedroom Units
58	3-Bedroom Units
<u>200</u>	Total Units

<u>Unit Type & Number</u>	<u>2020 Rents Targeted % of Area Median Income</u>	<u>2020 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
22 1 Bedroom	70%	70%	\$1,516
22 1 Bedroom	60%	60%	\$1,299
6 1 Bedroom	50%	50%	\$1,083
6 1 Bedroom	30%	30%	\$650
35 2 Bedrooms	70%	70%	\$1,820
32 2 Bedrooms	60%	60%	\$1,560
9 2 Bedrooms	50%	50%	\$1,300
9 2 Bedrooms	30%	30%	\$780
23 3 Bedrooms	70%	70%	\$2,102
22 3 Bedrooms	60%	60%	\$1,802
6 3 Bedrooms	50%	50%	\$1,501
6 3 Bedrooms	30%	30%	\$901
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$14,500,000
Construction Costs	\$47,126,375
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,356,319
Soft Cost Contingency	\$640,982
Relocation	\$0
Architectural/Engineering	\$884,050
Const. Interest, Perm. Financing	\$7,418,467
Legal Fees	\$262,500
Reserves	\$785,545
Other Costs	\$14,755,876
Developer Fee	\$11,159,635
Commercial Costs	\$0
Total	\$99,889,749

Residential

Construction Cost Per Square Foot:	\$219
Per Unit Cost:	\$499,449
True Cash Per Unit Cost*:	\$477,901

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citi Community Capital - Tax Exempt	\$52,100,000	Citi Community Capital	\$33,310,000
Citi Community Capital - Taxable	\$21,993,097	CIC Opportunities Fund II	\$2,000,000
Master Developer Note	\$9,500,000	Master Developer Note	\$9,500,000
Residual Receipt Loan Accrued Interest	\$712,500	Deferred Developer Fee	\$4,309,635
Deferred Costs, Reserves, and Fees	\$11,078,390	Contributed Developer Fee	\$5,000,000
Tax Credit Equity	\$4,505,761	Residual Receipt Accrued Interest	\$712,500
		Tax Credit Equity	\$45,057,615
		TOTAL	\$99,889,749

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$92,890,532
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$120,757,691
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,830,308
Total State Credit:	\$4,999,996
Approved Developer Fee (in Project Cost & Eligible Basis):	\$11,159,635
Investor/Consultant:	Raymond James
Federal Tax Credit Factor:	\$0.85000
State Tax Credit Factor:	\$0.80000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, 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. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$92,890,532
Actual Eligible Basis:	\$92,890,532
Unadjusted Threshold Basis Limit:	\$74,895,056
Total Adjusted Threshold Basis Limit:	\$133,401,957

Adjustments to Basis Limit

- Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced
- Highest or High Resource Opportunity Area
- Type II Construction
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units Income Targeted between 50% AMI & 36% AMI 10%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units Income Targeted at 35% AMI or Below: 20%

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 meet or 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 4.00% of the qualified basis. 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.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

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.

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 reservation 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

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.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.