CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 28, 2021

Aquila Apartments f.k.a. 3Roots, located south of 9900 Camino Santa Fe in San Diego, requested and is being recommended for a reservation of $3,852,698 in annual federal tax credits and $1,560,000 in total state tax credits to finance the new construction of 178 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Chelsea Investment Corporation and will be located in Senate District 39 and Assembly District 77.

Project Number CA-21-513

Project Name Aquila Apartments f.k.a. 3Roots
Site Address: South of 9900 Camino Santa Fe
San Diego, CA 92126 County: San Diego
Census Tract: 83.50

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$3,852,698	$1,560,000
Recommended:	$3,852,698	$1,560,000

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant:	3Roots CIC, LP.
Contact:	Cheri Hoffman
Address:	6339 Paseo Del Lago Carlsbad, CA 92011
Phone:	760-456-6000
Email:	cherihoffman@chelseainvestco.com

General Partner(s) or Principal Owner(s):	CIC 3Roots, LLC. Pacific Southwest Community Development Corporatioı
General Partner Type:	Joint Venture
Parent Company(ies):	Chelsea Investment Corporation Pacific Southwest Community Development Corporatioı
Developer:	Chelsea Investment Corporation
Investor/Consultant:	The Richman Group
Management Agent:	CIC Management, Inc.

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	1	
Total # of Units:	180	
No. / % of Low Income Units:	178	100.00%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt	

Bond Information

Issuer:	San Diego Housing Commission
Expected Date of Issuance:	10/2021

Information

Housing Type:	Large Family
Geographic Area:	San Diego County
TCAC Project Analyst:	Sarah Gullikson

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	18	10%
50% AMI:	18	10%
60% AMI:	142	80%

Unit Mix

24	1-Bedroom Units
79	2-Bedroom Units
77	3-Bedroom Units
180	Total Units

Unit Type & Number		2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
20	1 Bedroom	60%	60%	$1,299
2	1 Bedroom	50%	50%	$1,082
2	1 Bedroom	30%	30%	$649
62	2 Bedrooms	60%	60%	$1,560
8	2 Bedrooms	50%	50%	$1,300
8	2 Bedrooms	30%	30%	$779
60	3 Bedrooms	60%	60%	$1,800
8	3 Bedrooms	50%	50%	$1,500
8	3 Bedrooms	30%	30%	$900
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	$6,030,501
Construction Costs	$43,427,228
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$2,171,361
Soft Cost Contingency	$387,343
Relocation	$0
Architectural/Engineering	$1,798,000
Const. Interest, Perm. Financing	$4,299,047
Legal Fees	$267,500
Reserves	$671,490
Other Costs	$8,036,690
Developer Fee	$9,142,219
Commercial Costs	$0
Total	**$76,231,379**

Residential

Construction Cost Per Square Foot:	$178
Per Unit Cost:	$423,508
True Cash Per Unit Cost*:	$382,995

Construction Financing

Source	Amount
Citi Community Capital -T.E.	$40,000,000
Citi Community Capital	$15,151,828
Land Donation	$1
Mesa Canyon Community Partners	$6,000,000
Accrued Interest	$360,000
Deferred Costs	$11,425,633
Tax Credit Equity	$3,293,916

Permanent Financing

Source	Amount
Citi Community Capital	$27,440,000
Land Donation	$1
CIC Opportunities Fund II	$2,200,000
Mesa Canyon Community Partners	$6,000,000
Accrued Interest	$360,000
Deferred Developer Fee	$2,642,219
General Partner Contribution	$4,650,000
Tax Credit Equity	$32,939,159
TOTAL	**$76,231,379**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$74,090,345
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$96,317,449
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	$3,852,698
Total State Credit:	$1,560,000
Approved Developer Fee (in Project Cost & Eligible Basis):	$9,142,219
Investor/Consultant:	The Richman Group
Federal Tax Credit Factor:	$0.82500
State Tax Credit Factor:	$0.74000

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:	$74,090,345
Actual Eligible Basis:	$74,090,345
Unadjusted Threshold Basis Limit:	$71,558,064
Total Adjusted Threshold Basis Limit:	$121,513,744

Adjustments to Basis Limit

Local Development Impact Fees
95% of Upper Floor Units are Elevator-Serviced
Highest or High Resource Opportunity Area
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 10%
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are 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 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 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.