**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**
**Project Staff Report**
**Tax-Exempt Bond Project**
**December 8, 2021**

Cathedral Plaza, located at 1551 Third Avenue in San Diego, requested and is being recommended for a reservation of $4,030,030 in annual federal tax credits to finance the acquisition and rehabilitation of 222 units of housing serving tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Cathedral Housing Management, LLC and is located in Senate District 39 and Assembly District 78.

The project will be receiving rental assistance in the form of HUD HAP Project-based Vouchers.

**Project Number** CA-21-675

**Project Name** Cathedral Plaza
Site Address: 1551 Third Avenue
San Diego, CA 92101 County: San Diego
Census Tract: 56.00

| **Tax Credit Amounts** | **Federal/Annual** | **State/Total** |
|---|---|---|
| Requested: | $4,030,030 | $0 |
| Recommended: | $4,030,030 | $0 |

**Applicant Information**

| | |
|---|---|
| Applicant: | Cathedral Plaza Housing Partners, LP |
| Contact: | Colin Rice |
| Address: | 2851 Camino Del Rio South, Suite 200<br>San Diego, CA 92108 |
| Phone: | (619) 750-8580 |
| Email: | colin@rahdgroup.com |

| | |
|---|---|
| General Partner(s) or Principal Owner(s): | Cathedral Plaza Housing, LLC<br>Cathedral Housing Management, LLC |
| General Partner Type: | Joint Venture |
| Parent Company(ies): | Catholic Charities Diocese of San Diego, Inc.<br>C&C Development Group, LLC |
| Developer: | Cathedral Housing Management, LLC |
| Bond Issuer: | CMFA |
| Investor/Consultant: | Boston Financial Investent Management |
| Management Agent: | Royal Property Management Group |

**Project Information**

| | |
|---|---|
| Construction Type: | Acquisition & Rehabilitation |
| Total # Residential Buildings: | 1 |
| Total # of Units: | 225 |
| No. / % of Low Income Units: | 222 100.00% |
| Federal Set-Aside Elected: | 40%/60% |
| Federal Subsidy: | Tax-Exempt |

**Information**

| | |
|---|---|
| Housing Type: | At-Risk |
| Geographic Area: | San Diego County |
| TCAC Project Analyst: | Sopida Steinwert |

**55-Year Use / Affordability**

| Aggregate Targeting | Number of Units | Percentage of Affordable Units |
|---|---|---|
| 30% AMI: | 23 | 10% |
| 50% AMI: | 47 | 21% |
| 60% AMI: | 152 | 68% |

**Unit Mix**

150 SRO/Studio Units
74 1-Bedroom Units
1 2-Bedroom Units
225 Total Units

| Unit Type & Number | | 2021 Rents Targeted % of Area Median Income | Proposed Rent (including utilities) |
|---|---|---|---|
| 15 | SRO/Studio | 30% | $636 |
| 5 | SRO/Studio | 50% | $1,061 |
| 26 | SRO/Studio | 50% | $1,061 |
| 104 | SRO/Studio | 60% | $1,273 |
| 8 | 1 Bedroom | 30% | $682 |
| 8 | 1 Bedroom | 50% | $1,136 |
| 8 | 1 Bedroom | 50% | $1,136 |
| 34 | 1 Bedroom | 60% | $1,364 |
| 14 | 1 Bedroom | 60% | $1,364 |
| 2 | 1 Bedroom | Manager’s Unit | $0 |
| 1 | 2 Bedrooms | Manager’s Unit | $0 |

**Project Cost Summary at Application**

| | |
|---|---|
| Land and Acquisition | $50,000,000 |
| Construction Costs | $0 |
| Rehabilitation Costs | $25,926,594 |
| Construction Hard Cost Contingency | $2,611,883 |
| Soft Cost Contingency | $125,000 |
| Relocation | $750,000 |
| Architectural/Engineering | $457,500 |
| Const. Interest, Perm. Financing | $1,725,731 |
| Legal Fees | $515,000 |
| Reserves | $2,646,000 |
| Other Costs | $776,575 |
| Developer Fee | $7,792,155 |
| Commercial Costs | $0 |
| **Total** | **$93,326,438** |

**Residential**

| | |
|---|---|
| Construction Cost Per Square Foot: | $199 |
| Per Unit Cost: | $414,784 |
| True Cash Per Unit Cost*: | $402,063 |

**Construction Financing**

| Source | Amount |
|---|---|
| Citibank - TEB | $45,000,000 |
| Citibank - Recycled Bonds | $10,000,000 |
| Deferred Developer Fee | $4,635,391 |
| Tax Credit Equity | $33,691,047 |

**Permanent Financing**

| Source | Amount |
|---|---|
| Citibank - TEB | $45,000,000 |
| Citibank - Recycle Bonds | $10,000,000 |
| Deferred Developer Fee | $2,862,178 |
| Tax Credit Equity | $35,464,260 |
| **TOTAL** | **$93,326,438** |

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

**Determination of Credit Amount(s)**

| | |
|---|---|
| Requested Eligible Basis (Rehabilitation): | $36,739,863 |
| 130% High Cost Adjustment: | Yes |
| Requested Eligible Basis (Acquisition): | $53,000,000 |
| Applicable Fraction: | 100.00% |
| Qualified Basis (Rehabilitation): | $47,761,822 |
| Qualified Basis (Acquisition): | $53,000,000 |
| Applicable Rate: | 4.00% |
| Maximum Annual Federal Credit, Rehabilitation: | $1,910,030 |
| Maximum Annual Federal Credit, Acquisition: | $2,120,000 |
| Total Maximum Annual Federal Credit: | $4,030,030 |
| Approved Developer Fee in Eligible Basis: | $7,792,155 |
| Investor/Consultant: | Boston Financial Investent Management |
| Federal Tax Credit Factor: | $0.88000 |

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.

**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.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, 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 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.