

# **CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

## **Project Staff Report Tax-Exempt Bond Project January 19, 2022**

Vista Lane Family Homes, located at 3481, 3501, 3509 Vista Lane in San Ysidro, requested and is being recommended for a reservation of \$2,658,317 in annual federal tax credits to finance the new construction of 165 units of housing serving large families with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by MirKA Investments and will be located in Senate District 40 and Assembly District 80.

**Project Number** CA-21-707

**Project Name** Vista Lane Family Homes  
**Site Address:** 3481, 3501 and 3509 Vista Lane  
San Ysidro, CA 92173 County: San Diego  
**Census Tract:** 100.14

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,658,317	\$0
Recommended:	\$2,658,317	\$0

### **Applicant Information**

**Applicant:** St. Stephens Retirement Center, Inc.  
**Contact:** George McKinney  
**Address:** 5625 Imperial Avenue  
San Diego CA, 92114  
**Phone:** (619) 517-6729  
**Email:** kursatm@mirkainvest.com

**General Partner(s) or Principal Owner(s):** Mirka Investments, LLC  
St. Stephens Retirement Center, Inc.  
**General Partner Type:** Joint Venture  
**Parent Company(ies):** Mirka Investments  
St. Stephens Retirement Center, Inc.  
**Developer:** MirKa Investments LLC  
**Bond Issuer:** CMFA  
**Investor/Consultant:** Hunt Capital Partners, LLC  
**Management Agent:** Barker Management, Incorporated

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 167  
No. / % of Low Income Units: 165 100.00%  
Federal Set-Aside Elected: 40%/60% Average Income  
Federal Subsidy: Tax-Exempt

**Information**

Housing Type: Non-Targeted  
Geographic Area: San Diego County  
TCAC Project Analyst: Nick White

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>		<b>Percentage of</b>
<b>Number of Units</b>		<b>Affordable Units</b>
30% AMI:	18	11%
50% AMI:	18	11%
60% AMI:	94	57%
80% AMI:	35	21%

**Unit Mix**

15 SRO/Studio Units
35 1-Bedroom Units
97 2-Bedroom Units
20 3-Bedroom Units
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167 Total Units

	<b>Unit Type &amp; Number</b>	<b>2021 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
10	SRO/Studio	60%	\$1,273
2	SRO/Studio	50%	\$1,061
2	SRO/Studio	30%	\$636
1	1 Bedroom	80%	\$1,819
25	1 Bedroom	60%	\$1,364
4	1 Bedroom	50%	\$1,136
4	1 Bedroom	30%	\$682
20	2 Bedrooms	80%	\$2,182
57	2 Bedrooms	60%	\$1,636
10	2 Bedrooms	50%	\$1,363
10	2 Bedrooms	30%	\$818
14	3 Bedrooms	80%	\$2,521
2	3 Bedrooms	60%	\$1,890
2	3 Bedrooms	50%	\$1,575
2	3 Bedrooms	30%	\$945
1	SRO/Studio	Manager's Unit	\$0
1	1 Bedroom	Manager's Unit	\$0

#### **Project Cost Summary at Application**

Land and Acquisition	\$7,760,000
Construction Costs	\$37,053,012
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,852,651
Soft Cost Contingency	\$205,795
Relocation	\$0
Architectural/Engineering	\$1,200,000
Const. Interest, Perm. Financing	\$2,836,702
Legal Fees	\$295,000
Reserves	\$641,675
Other Costs	\$2,589,486
Developer Fee	\$6,668,687
Commercial Costs	\$0
<b>Total</b>	<b>\$61,103,008</b>

#### **Residential**

Construction Cost Per Square Foot:	\$264
Per Unit Cost:	\$365,886
True Cash Per Unit Cost*:	\$341,393

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citi Tax- Exempt	\$30,326,597	CitiBank Tax Exempt	\$25,503,422
CitiBank Recycled Bonds	\$6,110,301	CitiBank Recycled Bonds	\$6,110,301
CitiBank Taxable	\$7,227,827	Land Note	\$1,160,000
Land Note	\$1,160,000	Accrued Interest	\$48,289
Deferred Costs	\$2,511,699	Deferred Developer Fee	\$4,090,310
Deferred Developer Fee	\$4,090,310	Tax Credit Equity	\$24,190,686
Tax Credit Equity	\$9,676,274	<b>TOTAL</b>	<b>\$61,103,008</b>

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

#### **Determination of Credit Amount(s)**

Requested Eligible Basis:	\$51,126,597
130% High Cost Adjustment:	Yes
Requested Eligible Basis:	\$0
Applicable Fraction:	100.00%
Qualified Basis:	\$66,464,576
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,658,317
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,668,687
Investor/Consultant:	Hunt Capital Partners, LLC
Federal Tax Credit Factor:	\$0.91000

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.