

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
June 15, 2022

Marja Acres, located at 4901 El Camino Real in Carlsbad, requested and is being recommended for a reservation of \$911,573 in annual federal tax credits to finance the new construction of 46 units of housing with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by USA Multi-Family Development, Inc. and will be located in Senate District 36 and Assembly District 76.

Project Number CA-22-439

Project Name Marja Acres
 Site Address: 4901 El Camino Real
 Carlsbad, CA 92008 County: San Diego
 Census Tract: 178.10

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$911,573	\$0
Recommended:	\$911,573	\$0

Applicant Information

Applicant: Carlsbad 685, L.P.
 Contact: Darren Bobrowsky
 Address: 3200 Douglas Boulevard, Suite 200
 Roseville, CA 95661
 Phone: (916) 865-3981
 Email: dbobrowsky@usapropfund.com

General Partner(s) or Principal Owner(s): Carlsbad 685 GP, LLC
 Riverside Charitable Corporation

General Partner Type: Joint Venture
 Parent Company(ies): USA Properties Fund, Inc.
 Riverside Charitable Corporation

Developer: USA Multi-Family Development, Inc.
 Bond Issuer: California Municipal Finance Authority
 Investor/Consultant: WNC & Associates
 Management Agent: USA Multifamily Management, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 47
 No. / % of Low Income Units: 46 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Non-Targeted
 Geographic Area: San Diego County
 CTCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 5	11%
50% AMI: 36	78%
60% AMI: 5	11%

Unit Mix

46 1-Bedroom Units
1 2-Bedroom Units
<u>47 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 1 Bedroom	30%	\$682
36 1 Bedroom	50%	\$1,136
5 1 Bedroom	60%	\$1,364
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,950,000
Construction Costs	\$9,614,863
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$942,818
Soft Cost Contingency	\$234,514
Relocation	\$0
Architectural/Engineering	\$979,000
Const. Interest, Perm. Financing	\$882,339
Legal Fees	\$21,600
Reserves	\$141,106
Other Costs	\$1,716,524
Developer Fee	\$2,286,554
Commercial Costs	\$0
Total	\$18,769,318

Residential

Construction Cost Per Square Foot:	\$237
Per Unit Cost:	\$399,347
True Cash Per Unit Cost*:	\$386,871

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank	\$9,500,000	Citibank	\$4,295,000
Master Developer Subsidy	\$4,785,000	City of Carlsbad - Loan	\$650,000
Deferred Costs	\$2,446,519	Master Developer Subsidy	\$4,785,000
Tax Credit Equity	\$1,230,624	Deferred Developer Fee	\$586,361
		Operating Income	\$248,800
		Tax Credit Equity	\$8,204,157
		TOTAL	\$18,769,318

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$17,530,245
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$22,789,319
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$911,573
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,286,554
Investor/Consultant:	WNC & Associates
Federal Tax Credit Factor:	\$0.90000

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.

CTCAC 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 CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC 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, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, 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 CTCAC 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 CTCAC in its final feasibility analysis.

CDLAC Additional Conditions

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