CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 30, 2022

Modica, located at 5255 Mt. Etna Drive in San Diego, requested and is being recommended for a reservation of $2,357,762 in annual federal tax credits and $6,580,000 in total state tax credits to finance the new construction of 93 units of housing serving 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-22-561

Project Name Modica

Site Address:	5255 Mt. Etna Drive	
	San Diego, CA 92117	County: San Diego
Census Tract:	85.04	

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$2,357,762	$6,580,000
Recommended:	$2,357,762	$6,580,000

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

Applicant Information

Applicant:	Southern CA Housing Collaborative on behalf of Modica Family
Contact:	Nathan Schmid
Address:	2400 Fenton St #206 Chula Vista, CA 91914
Phone:	619-271-3535
Email:	nathan@socalhc.org

General Partner(s) or Principal Owner(s):	CIC Modica Family Apartments, LLC Southern California Housing Collaborative
General Partner Type:	Joint Venture
Parent Company(ies):	Chelsea Investment Corporation Southern California Housing Collaborative
Developer:	Chelsea Investment Corporation
Bond Issuer:	California Housing Finance Agency
Investor/Consultant:	The Richman Group
Management Agent:	Hyder & Co.

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	1	
Total # of Units:	94	
No. / % of Low Income Units:	93	100.00%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt	

Information

Housing Type:	Large Family
Geographic Area:	San Diego County
CTCAC Project Analyst:	Cynthia Compton

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	22	24%
50% AMI:	27	29%
60% AMI:	44	47%

Unit Mix

42	1-Bedroom Units
27	2-Bedroom Units
25	3-Bedroom Units
94	Total Units

Unit Type & Number		2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
20	1 Bedroom	60%	$1,464
12	1 Bedroom	50%	$1,220
10	1 Bedroom	30%	$732
12	2 Bedrooms	60%	$1,756
8	2 Bedrooms	50%	$1,463
6	2 Bedrooms	30%	$878
12	3 Bedrooms	60%	$2,030
7	3 Bedrooms	50%	$1,691
6	3 Bedrooms	30%	$1,015
1	2 Bedrooms	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$8,696,500
Construction Costs	$31,017,754
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$1,572,885
Soft Cost Contingency	$379,947
Relocation	$0
Architectural/Engineering	$1,503,948
Const. Interest, Perm. Financing	$3,466,425
Legal Fees	$270,000
Reserves	$315,763
Other Costs	$2,836,813
Developer Fee	$5,914,119
Commercial Costs	$0
Total	**$55,974,152**

Residential	
Construction Cost Per Square Foot:	$316
Per Unit Cost:	$595,470
True Cash Per Unit Cost*:	$583,037

Construction Financing

Source	Amount
Citi-Tax Exempt	$29,200,000
Citi-Taxable	$10,442,768
County of San Diego	$8,650,000
Deferred Costs during construction	$1,553,834
Subordinate Developer Fee	$3,500,000
State Tax Credit Equity	$552,720
Tax Credit Equity	$2,074,831

Permanent Financing

Source	Amount
Citi-Tax Exempt	$12,580,000
CIC Opportunities Fund-Taxable	$800,000
San Diego Housing Commission	$3,000,000
County of San Diego	$8,650,000
Subordinate Developer Fee	$3,500,000
Deferred Developer Fee	$1,168,647
Tax Credit Equity	$26,275,506
TOTAL	**$55,974,152**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$45,341,577
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$58,944,050
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	$2,357,762
Total State Credit:	$6,580,000
Approved Developer Fee (in Project Cost & Eligible Basis):	$5,914,119
Investor/Consultant:	The Richman Group
Federal Tax Credit Factor:	$0.88000
State Tax Credit Factor:	$0.84000

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.