

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
May 10, 2023**

Harrington Heights (fka 13th & Broadway), located at 1320 Broadway in San Diego, requested and is being recommended for a reservation of \$6,615,633 in annual federal tax credits and \$2,565,003 in total state tax credits to finance the new construction of 270 units of housing serving tenants with rents affordable to households earning 25%-50% 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.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from HCD's Multifamily Housing Program (MHP), Infill Infrastructure Grant (IIG), and Affordable Housing and Sustainable Communities (AHSC) AHD and PRG programs.

**Project Number** CA-23-463

**Project Name** Harrington Heights (fka 13th & Broadway)  
**Site Address:** 1320 Broadway  
San Diego, CA 92101  
**County:** San Diego  
**Census Tract:** 52.01

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$6,615,633	\$2,565,003
Recommended:	\$6,615,633	\$2,565,003

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

**Applicant Information**

**Applicant:** 13th & Broadway CIC, LP  
**Contact:** Robert McElroy  
**Address:** 3737 Fifth Avenue, #203  
San Diego, CA 92103  
**Phone:** (619) 542-1877  
**Email:** bob@alphaproject.org

**General Partner(s) or Principal Owner(s):** Alpha Heights, LLC  
CIC 13th & Broadway, LLC

**General Partner Type:** Joint Venture

**Parent Companies:** Alpha Project for the Homeless  
Chelsea Investment Corporation

**Developer:** Chelsea Investment Corporation

**Bond Issuer:** Housing Authority of the City of San Diego/SDHC

**Investor/Consultant:** The Richman Group

**Management Agent:** Royal Property Management Group, Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 273  
 No. / % of Low Income Units: 270 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers  
 (115 Units - 42%)

**Information**

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

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
25% AMI:	84	31%
40% AMI:	132	49%
50% AMI:	54	20%

**Unit Mix**

224 Studio Units  
 22 1-Bedroom Units  
27 2-Bedroom Units  
 273 Total Units

<b>Unit Type &amp; Number</b>	<b>2022 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
45 Studio	50%	\$1,122
64 Studio	40%	\$911
65 Studio	25%	\$561
3 Studio	25%	\$561
10 Studio	40%	\$911
37 Studio	40%	\$911
4 1 Bedroom	50%	\$1,220
11 1 Bedroom	40%	\$976
7 1 Bedroom	25%	\$610
5 2 Bedrooms	50%	\$1,443
10 2 Bedrooms	40%	\$1,171
9 2 Bedrooms	25%	\$722
3 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,456,998
Construction Costs	\$90,248,268
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$4,580,047
Soft Cost Contingency	\$1,221,762
Relocation	\$0
Architectural/Engineering	\$4,750,307
Const. Interest, Perm. Financing	\$14,676,256
Legal Fees	\$876,000
Reserves	\$2,867,523
Other Costs	\$10,073,369
Developer Fee	\$8,750,000
Commercial Costs	\$0
<b>Total</b>	<b>\$139,500,530</b>

**Residential**

Construction Cost Per Square Foot:	\$512
Per Unit Cost:	\$510,991
True Cash Per Unit Cost*:	\$486,998

**Construction Financing**

Source	Amount
Citibank Tax-Exempt	\$68,700,000
Citibank Taxable	\$26,251,817
HCD - IIG	\$6,002,134
HCD - AHSC PRG Grant	\$300,000
San Diego Housing Commission	\$7,600,000
City of San Diego	\$9,126,000
Accrued Interest	\$849,171
Deferred Cost	\$12,157,524
Tax Credit Equity	\$8,513,884

**Permanent Financing**

Source	Amount
Citibank Tax-Exempt	\$17,200,000
HCD - MHP	\$20,000,000
HCD - AHSC AHD	\$13,700,000
HCD - IIG	\$6,002,134
HCD - AHSC PRG Grant	\$300,000
San Diego Housing Commission	\$8,000,000
City of San Diego	\$10,140,000
Deferred Developer Fee Priority	\$1,300,000
Deferred Developer Fee	\$5,250,000
Accrued Interest	\$849,171
Tax Credit Equity	\$56,759,225
<b>TOTAL</b>	<b>\$139,500,530</b>

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

**Determination of Credit Amounts**

Requested Eligible Basis:	\$127,223,718
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$165,390,833
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$6,615,633
Total State Credit:	\$2,565,003
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,750,000
Investor/Consultant:	The Richman Group
Federal Tax Credit Factor:	\$0.82500
State Tax Credit Factor:	\$0.85000

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.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).