

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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

Vista Lane Affordable Apartments, located at 3515 Vista Lane in San Ysidro, requested and is being recommended for a reservation of \$1,989,492 in annual federal tax credits to finance the new construction of 99 units of housing serving families with rents affordable to households earning 30%-80% of area median income (AMI). The project will be developed by MirKa Investments LLC and will be located in Senate District 40 and Assembly District 80.

Project Number CA-23-466

Project Name Vista Lane Affordable Apartments
Site Address: 3515 Vista Lane
San Ysidro, CA 92173
County: San Diego
Census Tract: 100.14

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,989,492	\$0
Recommended:	\$1,989,492	\$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): St. Stephens Retirement Center, Inc.
Mirka Investments, LLC
General Partner Type: Joint Venture
Parent Company(ies): St. Stephens Retirement Center, Inc.
Mirka Investments, LLC
Developer: MirKa Investments LLC
Bond Issuer: CalHFA
Investor/Consultant: Hunt Capital Partners, LLC
Management Agent: Hyder & Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 100
No. / % of Low Income Units: 99 100.00%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: San Diego County
 CTCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	10	10%
50% AMI:	10	10%
60% AMI:	59	60%
80% AMI:	20	20%

Unit Mix

50 2-Bedroom Units
50 3-Bedroom Units
<u>100 Total Units</u>

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
10 2 Bedrooms	80%	\$2,342
29 2 Bedrooms	60%	\$1,756
5 2 Bedrooms	50%	\$1,463
5 2 Bedrooms	30%	\$878
10 3 Bedrooms	80%	\$2,707
30 3 Bedrooms	60%	\$2,030
5 3 Bedrooms	50%	\$1,691
5 3 Bedrooms	30%	\$1,015
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,716,520
Construction Costs	\$23,142,871
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,185,144
Soft Cost Contingency	\$231,225
Relocation	\$182,000
Architectural/Engineering	\$926,767
Const. Interest, Perm. Financing	\$4,472,288
Legal Fees	\$168,000
Reserves	\$458,283
Other Costs	\$2,604,205
Developer Fee	\$6,376,576
Commercial Costs	\$0
Total	\$44,463,879

Residential

Construction Cost Per Square Foot:	\$250
Per Unit Cost:	\$444,639
True Cash Per Unit Cost*:	\$386,892

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank Tax-Exempt	\$21,470,723	Citibank Tax-Exempt	\$19,925,771
Citibank Recycled TE	\$4,446,388	Net Operating Income	\$1,058,704
Citibank Taxable	\$5,054,939	Deferred Developer Fee	\$5,455,281
Deferred Costs	\$635,249	Developer Fee Contribution	\$319,417
Deferred Developer Fee	\$5,455,281	Tax Credit Equity	\$17,704,706
Developer Fee Contribution	\$319,417	TOTAL	\$44,463,879
Tax Credit Equity	\$7,081,882		

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$38,259,457
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$49,737,294
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,989,492
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,376,576
Investor/Consultant:	Hunt Capital Partners, LLC
Federal Tax Credit Factor:	\$0.88991

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).