CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 10, 2023

San Martin de Porres Apartments Rehab, located at 9119 Jamacha Rd in Spring Valley, requested and is being recommended for a reservation of $1,386,181 in annual federal tax credits to finance the acquisition & rehabilitation of 115 units of housing serving families with rents affordable to households earning 35%-45% of area median income (AMI). The project will be developed by Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc. and is located in Senate District 40 and Assembly District 71.

Project Number	CA-23-499
Project Name	San Martin de Porres Apartments Rehab
Site Address:	9119 Jamacha Rd Spring Valley, CA 91977
County:	San Diego
Census Tract:	139.09

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,386,181	$0
Recommended:	$1,386,181	$0

Applicant Information

Applicant:	San Martin 2020 LP
Contact:	Arnulfo Manriquez
Address:	1355 3rd Ave Chula Vista, CA 91911
Phone:	(619) 426-3595
Email:	REDFunding@maacproject.org

General Partner(s) or Principal Owner(s):	San Martin MGP 2020 LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc.
Developer:	Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc.
Bond Issuer:	CMFA
Investor/Consultant:	Hunt Capital Partners, LLC
Management Agent:	Barker Management

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	16
Total # of Units:	116
No. / % of Low Income Units:	115 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt

Information

Housing Type:	Large Family
Geographic Area:	San Diego County
CTCAC Project Analyst:	Dylan Hervey

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
35% AMI:	69	60%
40% AMI:	34	30%
45% AMI:	12	10%

Unit Mix

56	2-Bedroom Units
40	3-Bedroom Units
20	4-Bedroom Units
116	Total Units

Unit Type & Number		2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
6	2 Bedrooms	45%	$1,317
11	2 Bedrooms	40%	$1,171
39	2 Bedrooms	35%	$1,024
3	3 Bedrooms	45%	$1,522
15	3 Bedrooms	40%	$1,353
22	3 Bedrooms	35%	$1,184
3	4 Bedrooms	45%	$1,698
8	4 Bedrooms	40%	$1,510
8	4 Bedrooms	35%	$1,321
1	4 Bedrooms	Manager's Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$15,210,000
Rehabilitation Costs	$11,374,417
Construction Hard Cost Contingency	$1,127,442
Soft Cost Contingency	$297,905
Relocation	$1,764,800
Architectural/Engineering	$557,294
Const. Interest, Perm. Financing	$4,225,894
Legal Fees	$700,000
Reserves	$494,120
Other Costs	$532,433
Developer Fee	$4,520,561
Total	**$40,804,866**

Residential	
Construction Cost Per Square Foot:	$81
Per Unit Cost:	$351,766
True Cash Per Unit Cost*:	$337,106

Construction Financing

Source	Amount
Citibank - Tax Exempt	$18,797,393
Citibank - Recycled	$4,080,487
Citibank	$160,810
Seller Note	$7,489,110
Deferred Costs	$2,629,488
Accrued Interest	$1,218,750
Deferred Developer Fee	$1,700,561
Tax Credit Equity	$2,467,377

Permanent Financing

Source	Amount
Citibank	$10,724,601
Seller Note	$7,489,110
Seller Credit	$2,260,890
Master Developer Loan	$4,660,000
Accrued Interest	$1,218,750
Operating Income	$414,071
Deferred Developer Fee	$1,700,561
Tax Credit Equity	$12,336,883
TOTAL	**$40,804,866**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$19,707,633
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	$14,950,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$19,707,633
Qualified Basis (Acquisition):	$14,950,000
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$788,181
Maximum Annual Federal Credit, Acquisition:	$598,000
Total Maximum Annual Federal Credit:	$1,386,181
Approved Developer Fee in Project Cost:	$4,520,561
Approved Developer Fee in Eligible Basis:	$4,520,561
Investor/Consultant:	Hunt Capital Partners, LLC
Federal Tax Credit Factor:	$0.88999

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
Prior to closing, the applicant or its assignee shall obtain CTCAC's consent to assign and assume the existing Regulatory Agreement (CA-99-017). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement and any deeper targeting levels in the new regulatory agreement for the duration of the new regulatory agreement. Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-99-017) is a qualified low-income household for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on CTCAC staff’s review of the commitment in the application. The services documented in the placed in service package will be reviewed by CTCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a resyndication occurring concurrently with a Transfer Event with distribution of Net Project Equity. The rehabilitation scope of work shall include all of the Short Term Work in the amount of $2,260,890. In consideration of the Short Term Work requirement, the seller of the project will give a credit in the amount of at least $2,260,890. As a result of the seller credit, the project is allowed to receive eligible basis for the entire Short Term Work amount.

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).