

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
August 23, 2023**

South River Village, located at North River Road & College Boulevard in Oceanside, requested and is being recommended for a reservation of \$985,860 in annual federal tax credits to finance the new construction of 42 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 39 and Assembly District 79.

Project Number CA-23-554

Project Name South River Village
Site Address: North River Road & College Boulevard
Oceanside, CA 92057
County: San Diego
Census Tract: 186.12

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$985,860	\$0
Recommended:	\$985,860	\$0

Applicant Information

Applicant: Mirka Investments, LLC
Contact: Kursat Misirlioglu
Address: 600 B Street, Suite 300
San Diego, CA 92101
Phone: (619) 599-3852
Email: kursatm@mirkainvest.com

General Partner(s) or Principal Owner(s): Mirka Investments, LLC
General Partner Type: For Profit
Parent Company(ies): Mirka Investments, LLC
Developer: Mirka Investments, LLC
Bond Issuer: CMFA
Investor/Consultant: Hunt Capital Partners, LLC
Management Agent: Hyder & Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 43
No. / % of Low Income Units: 42 100.00%
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: Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	6	14%
50% AMI:	6	14%
60% AMI:	22	52%
80% AMI:	8	19%

Unit Mix

20 1-Bedroom Units
12 2-Bedroom Units
11 3-Bedroom Units
43 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
4 1 Bedroom	80%	\$1,952
11 1 Bedroom	60%	\$1,464
2 1 Bedroom	50%	\$1,220
2 1 Bedroom	30%	\$732
2 2 Bedrooms	80%	\$2,342
6 2 Bedrooms	60%	\$1,756
2 2 Bedrooms	50%	\$1,463
2 2 Bedrooms	30%	\$878
2 3 Bedrooms	80%	\$2,707
5 3 Bedrooms	60%	\$2,030
2 3 Bedrooms	50%	\$1,691
2 3 Bedrooms	30%	\$1,015
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,710,000
Construction Costs	\$11,326,869
Construction Hard Cost Contingency	\$591,284
Soft Cost Contingency	\$111,714
Architectural/Engineering	\$470,000
Const. Interest, Perm. Financing	\$2,004,269
Legal Fees	\$395,000
Reserves	\$171,449
Other Costs	\$1,018,146
Developer Fee	\$3,159,807
Total	\$21,958,538

Residential

Construction Cost Per Square Foot:	\$313
Per Unit Cost:	\$510,664
True Cash Per Unit Cost*:	\$475,269

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank: Tax-Exempt	\$10,689,010	Citibank: Tax-Exempt	\$6,827,731
Citibank: Recycled	\$2,195,854	Lennar: Master Infrastructure	\$2,000,000
Citibank: Taxable	\$71,438	Subordinate Loan	\$2,150,000
Lennar: Master Infrastructure	\$2,000,000	Net Operating Income	\$223,868
Accrued Interest	\$259,375	Accrued Interest	\$363,124
Deferred Costs	\$1,672,157	Deferred Developer Fee	\$1,521,963
Deferred Developer Fee	\$1,521,963	Tax Credit Equity	\$8,871,852
Tax Credit Equity	\$3,548,741	TOTAL	\$21,958,538

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$18,958,844
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$24,646,497
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$985,860
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,159,807
Investor/Consultant:	Hunt Capital Partners, LLC
Federal Tax Credit Factor:	\$0.89991

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).